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H. J. RES. 668

IN THE SENATE OF THE UNITED STATES

AUGUST 9 (legislative day, AUGUST 4), 1986

Ordered to be printed with the amendment of the Senate

JOINT RESOLUTION

Increasing the statutory limit on the public debt.

1 *Resolved by the Senate and House of Representatives*
2 *of the United States of America in Congress assembled,*
3 That subsection (b) of section 3101 of title 31, United States
4 Code, is amended by striking out the dollar limitation con-
5 tained in such subsection and inserting in lieu thereof
6 “\$2,322,800,000,000.”

7 **TITLE II—SOCIAL SECURITY TRUST FUNDS**

8 **SEC. 201. SHORT TITLE.**

9 *This title may be cited as the “Social Security Trust*
10 *Funds Management Act of 1986”.*

11 **SEC. 202. INVESTMENT AND RESTORATION OF TRUST FUNDS.**

12 (a) Subsection (d) of section 201 of the Social Security
13 Act (42 U.S.C. 401(d)) is amended—

1 (1) by striking out “(1) on original issue” and
2 inserting in lieu thereof “(A) on original issue”,

3 (2) by striking out “(2) by purchase” and insert-
4 ing in lieu thereof “(B) by purchase”;

5 (3) by striking out “It shall be” and inserting in
6 lieu thereof “(1) It shall be”, and

7 (4) by adding at the end thereof the following new
8 paragraphs:

9 “(2) If—

10 “(A) any amounts in the Trust Funds have
11 not been invested solely by reason of the public
12 debt limit, and

13 “(B) the taxes described in clause (3) or (4)
14 of subsection (a) with respect to which such
15 amounts were appropriated to the Trust Funds
16 have actually been received into the general fund
17 of the Treasury of the United States,

18 such amounts shall be invested by the Managing
19 Trustee as soon as such investments can be made with-
20 out exceeding the public debt limit and without jeop-
21 ardizing the timely payment of benefits under this title
22 or under any other provision of law directly related to
23 the programs established by this title.

24 “(3)(A) Upon expiration of any debt limit impact
25 period, the Managing Trustee shall immediately—

1 “(i) reissue to each of the Trust Funds obli-
2 gations under chapter 31 of title 31, United
3 States Code, that are identical, with respect to in-
4 terest rate and maturity, to public debt obligations
5 held by such Trust Fund that—

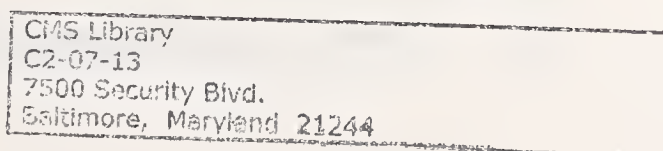
6 “(I) were redeemed during the debt
7 limit impact period, and

8 “(II) as determined by the Managing
9 Trustee on the basis of standard investment
10 procedures for such Trust Fund in effect on
11 the day before the date on which the debt
12 limit impact period began, would not have
13 been redeemed if the debt limit impact period
14 had not occurred, and

15 “(ii) issue to each of the Trust Funds obliga-
16 tions under chapter 31 of title 31, United States
17 Code, that are identical, with respect to interest
18 rate and maturity, to public debt obligations
19 which—

20 “(I) were not issued during the debt
21 limit impact period, and

22 “(II) as determined by the Managing
23 Trustee on the basis of such standard invest-
24 ment procedures, would have been issued



1 *if the debt limit impact period had not oc-*
2 *curred.*

3 “(B) *Obligations issued or reissued under sub-*
4 *paragraph (A) shall be substituted for obligations that*
5 *are held by the Trust Fund, and for amounts in the*
6 *Trust Fund that have not been invested, on the date on*
7 *which the debt limit impact period ends in a manner*
8 *that will ensure that, after such substitution, the hold-*
9 *ings of the Trust Fund will replicate to the maximum*
10 *extent practicable the obligations that would be held by*
11 *such Trust Fund if the debt limit impact period had*
12 *not occurred.*

13 “(C) *In determining, for purposes of this para-*
14 *graph, the obligations that would be held by a Trust*
15 *Fund if the debt limit impact period had not occurred,*
16 *any amounts in the Trust Fund which have not been*
17 *invested, and any amounts required to be invested*
18 *under paragraph (2), shall be treated as amounts*
19 *which were required to be invested upon transfer to the*
20 *Trust Fund.*

21 “(4) *The Managing Trustee shall pay, on the first*
22 *normal interest payment date that occurs on or after*
23 *the date on which any debt limit impact period ends, to*
24 *each of the Trust Funds, from amounts in the general*
25 *fund of the Treasury of the United States not other-*

1 *wise appropriated, an amount determined by the Man-*
2 *aging Trustee to be equal to the excess of—*

3 *“(A) the net amount of interest that would*
4 *have been earned by such Trust Fund during*
5 *such debt limit impact period if—*

6 *“(i) amounts in such Trust Fund that*
7 *were not invested during such debt limit*
8 *impact period solely by reason of the public*
9 *debt limit had been invested, and*

10 *“(ii) redemptions and disinvestments*
11 *with respect to such Trust Fund which oc-*
12 *curred during such debt limit impact period*
13 *solely by reason of the public debt limit had*
14 *not occurred, over*

15 *“(B) the sum of—*

16 *“(i) the net amount of interest actually*
17 *earned by such Trust Fund during such debt*
18 *limit impact period, plus*

19 *“(ii) the total amount of the principal of*
20 *all obligations issued or reissued under para-*
21 *graph (3)(A) at the end of such debt limit*
22 *impact period that is attributable to interest*
23 *that would have been earned by such Trust*
24 *Fund during such debt limit impact period*
25 *but for the public debt limit.*

1 “(5) *For purposes of this section—*

2 “(A) *The term ‘public debt limit’ means the*
 3 *limitation imposed by subsection (b) of section*
 4 *3101 of title 31, United States Code.*

5 “(B) *The term ‘debt limit impact period’*
 6 *means any period for which the Secretary of the*
 7 *Treasury determines that the issuance of obliga-*
 8 *tions of the United States sufficient to orderly*
 9 *conduct the financial operations of the United*
 10 *States may not be made without exceeding the*
 11 *public debt limit.”.*

12 (b) *Subsection (a) of section 201 of the Social Security*
 13 *Act is amended by adding at the end thereof the following*
 14 *new sentence: “All amounts so transferred shall be immedi-*
 15 *ately available exclusively for the purpose for which amounts*
 16 *in the Trust Fund are specifically made available under this*
 17 *title or under any other provisions of law directly related to*
 18 *the programs established by this title.”.*

19 **SEC. 203. REPEAL OF NORMALIZED TAX TRANSFER.**

20 (a) *Subsection (a) of section 201 of the Social Security*
 21 *Act is amended by striking out the matter following clause*
 22 *(4) and inserting in lieu thereof the following: “The amounts*
 23 *appropriated by clauses (3) and (4) shall be transferred from*
 24 *the general fund of the Treasury of the United States to the*
 25 *Federal Old-Age and Survivors Insurance Trust Fund, and*

1 the amounts appropriated by clauses (1) and (2) of subsection
 2 (b) shall be transferred from the general fund of the Treasury
 3 to the Federal Disability Insurance Trust Fund, upon re-
 4 ceipt by the general fund of taxes specified in clauses (3) and
 5 (4) of this subsection (as estimated by the Secretary). Proper
 6 adjustments shall be made in amounts subsequently trans-
 7 ferred to the extent amounts previously transferred were in
 8 excess of, or were less than, the taxes specified in such
 9 clauses (3) and (4). All amounts so transferred shall be im-
 10 mediately available exclusively for the purpose for which
 11 amounts in the Trust Fund are specifically made available
 12 under this title or under other provisions of law directly relat-
 13 ed to the programs established by this title.”.

14 (b) The amendment made by subsection (a) shall take
 15 effect on July 1, 1990.

16 **SEC. 204. FAITHFUL EXECUTION OF DUTIES BY MEMBERS OF**
 17 **BOARD OF TRUSTEES OF TRUST FUNDS.**

18 Section 201(c) of the Social Security Act is amended
 19 by striking the last sentence and inserting the following: “A
 20 person serving on the Board of Trustees (including the Man-
 21 aging Trustee) shall not be considered to be a fiduciary, but
 22 each such person shall faithfully execute the duties imposed
 23 on such person by this section. A person serving on the Board
 24 of Trustees (including the Managing Trustee) shall not be

1 *personally liable for actions taken in such capacity with re-*
 2 *spect to the Trust Funds.”.*

3 **SEC. 205. REPORTS REGARDING THE OPERATION AND STATUS**
 4 **OF THE TRUST FUNDS.**

5 *Subsection (c) of section 201 of the Social Security Act*
 6 *is amended—*

7 *(1) by striking “once” in the fourth sentence and*
 8 *inserting “twice”,*

9 *(2) by redesignating paragraphs (1) and (2) as*
 10 *subparagraphs (A) and (B), respectively,*

11 *(3) by redesignating paragraphs (3), (4), and (5)*
 12 *as subparagraphs (D), (E), and (F), respectively,*

13 *(4) by inserting after subparagraph (B) (as redes-*
 14 *ignated by paragraph (2) of this section) the following:*

15 *“(C) Report to the Congress as soon as possible, but not*
 16 *later than the date that is 30 days after the first normal in-*
 17 *terest payment date occurring on or after the date on which*
 18 *any debt limit impact period for which the Managing Trustee*
 19 *is required to take action under paragraph (3) or (4) of sub-*
 20 *section (d) ends, on—*

21 *“(i) the operation and status of the Trust Funds*
 22 *during such debt limit impact period, and*

23 *“(ii) the actions taken under paragraphs (3) and*
 24 *(4) of subsection (d) with respect to such debt limit*
 25 *impact period;”,*

1 (5) by striking out "in paragraph (2) above" and
 2 inserting in lieu thereof "in subparagraph (B) above",
 3 (6) by inserting "(1)" after "(c)", and
 4 (7) by adding at the end thereof the following:

5 “(2) The Managing Trustee shall report monthly to the
 6 Board of Trustees concerning the operation and status of the
 7 Trust Funds and shall report to Congress and to the Board
 8 of Trustees not less than 15 days prior to the date on which,
 9 by reason of the public debt limit, the Managing Trustee ex-
 10 pects to be unable to fully comply with the provisions of sub-
 11 section (a) or (d)(1), and shall include in such report an
 12 estimate of the expected consequences to the Trust Funds of
 13 such inability.”.

14 **SEC. 206. ELIMINATION OF UNDUE DISCRETION IN THE INVEST-**
 15 **MENT OF TRUST FUNDS.**

16 (a) Section 201(d) of the Social Security Act is amend-
 17 ed, in the first sentence—

18 (1) by inserting "immediately" after "to invest";
 19 and

20 (2) by striking ", in his judgment,".

21 (b)(1) Paragraph (2) of section 201(d) of the Social Se-
 22 curity Act, as added by section 202 of this Act, is amended to
 23 read as follows:

24 “(2) If any amount in either of the Trust Funds
 25 is not invested solely by reason of the public debt limit,

1 *such amount shall be invested as soon as such invest-*
 2 *ment can be made without exceeding the public debt*
 3 *limit and without jeopardizing the timely payment of*
 4 *benefits under this title or under any other provision of*
 5 *law directly related to the programs established by this*
 6 *title.”*

7 *(2) The amendment made by paragraph (1) shall take*
 8 *effect on July 1, 1990.*

9 **SEC. 207. SALES AND REDEMPTIONS BY TRUST FUNDS.**

10 *Section 201(e) of the Social Security Act is*
 11 *amended—*

12 *(1) by inserting “(1)” after “(e)”;* and

13 *(2) by adding at the end the following:*

14 *“(2)(A) The Managing Trustee may effect any such*
 15 *sale or redemption with respect to either Trust Fund only for*
 16 *the purpose of enabling such Trust Fund to make payments*
 17 *authorized by this title or under any other provisions of law*
 18 *directly related to the programs established by this title. If*
 19 *either of the Trust Funds holds any amounts which are not*
 20 *invested by reason of the public debt limit, the Managing*
 21 *Trustee is nevertheless directed to make such sales and re-*
 22 *demptions if, and only to the extent, necessary to assure*
 23 *timely payment of benefits and other payments authorized by*
 24 *this title or by any other provisions of law directly related to*
 25 *the programs established by this title, but the principal*

1 amount of obligations sold or redeemed pursuant to this sen-
 2 tence shall not exceed the principal amount of obligations that
 3 would have been sold or redeemed under normal operating
 4 procedures in order to make such payments.”.

5 **SEC. 208. EFFECTIVE DATE.**

6 Except as otherwise provided by this title, the amend-
 7 ments made by this title shall take effect on the date of enact-
 8 ment of this Act.

9 **TITLE III—BALANCED BUDGET AND**
 10 **EMERGENCY DEFICIT CONTROL**

11 **SEC. 301. SHORT TITLE.**

12 This title may be cited as the “Balanced Budget and
 13 Emergency Deficit Control Reaffirmation Act of 1986”.

14 **SEC. 302. REVISION OF PROCEDURES.**

15 (a) **REFERENCE.**—Except as otherwise specifically
 16 provided, whenever in this section an amendment is ex-
 17 pressed in terms of an amendment to a section or other provi-
 18 sion, the reference shall be considered to be a reference to a
 19 section or other provision of the Balanced Budget and Emer-
 20 gency Deficit Control Act of 1985.

21 (b) **REVISION OF REPORTING RESPONSIBILITIES.**—

22 (1) Section 251(b) is amended to read as follows:

23 “(b) **REPORTS BY THE COMPTROLLER GENERAL AND**
 24 **THE DIRECTOR OF OMB.**—

1 “(1) REPORT TO THE DIRECTOR OF OMB
2 AND THE CONGRESS BY THE COMPTROLLER
3 GENERAL.—

4 “(A) REPORT TO BE BASED ON OMB-
5 CBO REPORT.—The Comptroller General shall
6 review and consider the report issued under sub-
7 section (a) by the Directors for the fiscal year
8 and, with due regard for the data, assumptions,
9 and methodologies used in reaching the conclu-
10 sions set forth therein, shall issue a report to the
11 Director of the Office of Management and Budget
12 and the Congress on August 25 of the calendar
13 year in which such fiscal year begins, estimating
14 the budget base levels of total revenues and total
15 budget outlays for such fiscal year, stating wheth-
16 er such deficit excess will be greater than
17 \$10,000,000,000 (zero in the case of fiscal year
18 1991), specifying the estimated rate of real eco-
19 nomic growth for such fiscal year, for each quar-
20 ter of such fiscal year, and for each of the last two
21 quarters of the preceding fiscal year, indicating
22 whether the estimate includes two or more consec-
23 utive quarters of negative economic growth, and
24 specifying (if the excess is greater than
25 \$10,000,000,000, or zero in the case of fiscal

1 year 1991) the percentages by which defense and
2 non-defense accounts must be reduced during such
3 fiscal year in order to eliminate such deficit
4 excess. Such report shall be based on the esti-
5 mates, determinations, and specifications con-
6 tained in the report submitted by the Directors
7 under subsection (a) and shall utilize the budget
8 base, criteria, and guidelines set forth in subsec-
9 tion (a)(6) and in sections 255, 256, and 257.

10 “(B) CONTENTS OF REPORT.—The report of
11 the Comptroller General under this paragraph
12 shall contain such views as the Comptroller Gen-
13 eral considers appropriate concerning the esti-
14 mates, determinations, and specifications con-
15 tained in the report submitted by the Directors
16 under subsection (a). The report of the Comptrol-
17 ler General shall explain fully any differences be-
18 tween the contents of such report and the report of
19 the Directors under subsection (a).

20 “(2) REPORT TO PRESIDENT AND CONGRESS
21 BY THE DIRECTOR OF OMB.—

22 “(A) REPORT TO BE BASED ON GAO
23 REPORT.—The Director of the Office of Manage-
24 ment and Budget shall review and consider the
25 report issued by the Comptroller General under

1 *paragraph (1) of this subsection for the fiscal year*
2 *and, with due regard for the data, assumptions,*
3 *and methodologies used in reaching the conclu-*
4 *sions set forth therein, shall issue a report to the*
5 *President and the Congress on September 1 of the*
6 *calendar year in which such fiscal year begins,*
7 *estimating the budget base levels of total revenues*
8 *and total budget outlays for such fiscal year, iden-*
9 *tifying the amount of any deficit excess for such*
10 *fiscal year, stating whether such deficit excess*
11 *will be greater than \$10,000,000,000 (zero in the*
12 *case of fiscal year 1991), specifying the estimated*
13 *rate of real economic growth for such fiscal year,*
14 *for each quarter of such fiscal year, and for each*
15 *of the last two quarters of the preceding fiscal*
16 *year, indicating whether the estimate includes two*
17 *or more consecutive quarters of negative economic*
18 *growth, and specifying (if the excess is greater*
19 *than \$10,000,000,000, or zero in the case of*
20 *fiscal year 1991), by account, for non-defense pro-*
21 *grams, and by account and programs, projects,*
22 *and activities within each account, for defense*
23 *programs, the base from which reductions are*
24 *taken and the amounts and percentages by which*
25 *such accounts must be reduced during such fiscal*

1 year in order to eliminate such deficit excess.
2 Such report shall be based on the estimates, deter-
3 minations, and specifications, and views of the
4 Comptroller General under paragraph (1) and
5 shall utilize the budget base, criteria, and guide-
6 lines set forth in subsection (a)(6) and in sections
7 255, 256, and 257.

8 “(B) CONTENTS OF REPORT.—The report of
9 the Director of the Office of Management and
10 Budget under this paragraph shall—

11 “(i) provide for the determination of re-
12 ductions in the manner specified in subsec-
13 tion (a)(3);

14 “(ii) contain estimates, determinations,
15 and specifications for all of the items con-
16 tained in the report submitted by the Direc-
17 tors under subsection (a); and

18 “(iii) state whether the estimates, deter-
19 minations, and specifications contained
20 therein are consistent with the views con-
21 tained in the report of the Comptroller Gen-
22 eral under paragraph (1)(B), and, if not,
23 shall justify the reasons for any deviation.”.

24 (2) Section 251(c) is amended—

1 (A) by striking out “President” in subparagraph
2 (A) of paragraph (2) and inserting in lieu thereof “Di-
3 rector of the Office of Management and Budget”;

4 (B) by striking out “subsection (b)” in such sub-
5 paragraph and inserting in lieu thereof “subsection
6 (b)(1)”;

7 (C) by striking out subparagraph (B) of such
8 paragraph and inserting in lieu thereof the following
9 new subparagraph:

10 “(B) The report of the Comptroller General
11 under this paragraph shall revise (to the extent
12 necessary) the views contained in the report sub-
13 mitted pursuant to subsection (b)(1)(B).”; and

14 (D) by adding at the end thereof the following
15 new paragraph:

16 “(3) REPORT BY THE DIRECTOR OF OMB.—

17 “(A) On October 15 of the fiscal year, the
18 Director of the Office of Management and Budget
19 shall submit to the President and the Congress a
20 report revising the report submitted by the Direc-
21 tor of the Office of Management and Budget
22 under subsection (b)(2), adjusting the estimates,
23 determinations, and specifications contained in
24 that report to the extent necessary in the light of
25 the revised report submitted to the Director of the

1 *Office of Management and Budget by the Comp-*
2 *troller General under paragraph (2) of this*
3 *subsection.*

4 *“(B) The revised report of the Director of the*
5 *Office of Management and Budget under this*
6 *paragraph shall provide for the determination of*
7 *reductions as specified in subsection (a)(3), shall*
8 *contain all of the estimates, determinations, and*
9 *specifications required (in the case of the report*
10 *submitted under subsection (b)(2)) pursuant to*
11 *subsection (b)(2)(B)(ii), and shall justify any de-*
12 *viation between the revised report of the Director*
13 *under this paragraph and the report of the Comp-*
14 *troller General under paragraph (2).*

15 *“(C) The revised report of the Director under*
16 *this paragraph shall contain estimates, determina-*
17 *tions, and specifications for all of the items con-*
18 *tained in the initial report and shall be based on*
19 *the same economic and technical assumptions,*
20 *employ the same methodologies, and utilize the*
21 *same definition of the budget base and the same*
22 *criteria and guidelines as those used in the report*
23 *submitted by the Director under subsection (b)(2),*
24 *and shall provide for the determination of reduc-*
25 *tions in the manner specified in subsection (a)(3).*

1 “(D) The revised report of the Director
2 under this paragraph for a fiscal year shall not
3 contain, with respect to any item, an amount of
4 budget authority, outlays, spending authority (as
5 defined in section 401(c)(2) of the Congressional
6 Budget Act of 1974), revenues, obligation limita-
7 tion, obligated balances, unobligated balances,
8 loan guarantee commitments, or direct loan obli-
9 gations, which is different than the amount of
10 budget authority, outlays, spending authority (as
11 so defined), obligation limitation, obligated bal-
12 ances, unobligated balances, loan guarantee com-
13 mitments, or direct loan obligations specified for
14 such item in the report of the Director under sub-
15 section (b)(2) for such fiscal year unless, after the
16 Director submits the report required under such
17 subsection (b)(2)—

18 “(i) legislation is enacted,

19 “(ii) a final regulation is promulgated, or

20 “(iii) a sale of assets is announced,

21 which requires a change in the estimate of such budget
22 authority, outlays, spending authority (as so defined),
23 obligation limitation, obligated balances, unobligated
24 balances, loan guarantee commitments, or direct loan
25 obligations for such item.”.

1 (3)(A) *Section 251(e) is amended by striking out “Di-*
 2 *rectors or the Comptroller General” and inserting in lieu*
 3 *thereof “Directors, the Comptroller General, or the Director*
 4 *of the Office of Management and Budget”.*

5 (B) *Section 251(f) is amended by striking out “subsec-*
 6 *tions (b) and (c)(2)” and inserting in lieu thereof “subsec-*
 7 *tions (b)(1) and (c)(2), and the reports of the Director of the*
 8 *Office of Management and Budget submitted to the Congress*
 9 *under subsections (b)(2) and (c)(3),”.*

10 (c) *PRESIDENTIAL ORDERS.—(1) Section 252(a) is*
 11 *amended—*

12 (A) *by striking out “Comptroller General” the*
 13 *first place it appears in paragraph (1) and inserting in*
 14 *lieu thereof “Director of the Office of Management and*
 15 *Budget”;*

16 (B) *by striking out “section 251(b)” each place it*
 17 *appears in paragraphs (1) and (3) and inserting in*
 18 *lieu thereof “section 251(b)(2)”;*

19 (C) *by striking out “September 1” in paragraph*
 20 *(1) and inserting in lieu thereof “September 3”; and*

21 (D) *by striking out “COMPTROLLER GENER-*
 22 *AL’S” in the heading for paragraph (3) and inserting*
 23 *in lieu thereof “DIRECTOR’S”.*

24 (2) *Section 252(b) is amended—*

1 (A) by striking out “Comptroller General” each
 2 place it appears and inserting in lieu thereof “Director
 3 of the Office of Management and Budget”;

4 (B) by striking out “section 251(b)” each place it
 5 appears and inserting in lieu thereof “section
 6 251(b)(2)”;

7 (C) by striking out “section 251(c)(2)” each place
 8 it appears and inserting in lieu thereof “section
 9 251(c)(3)”;

10 (D) by striking out “October 15” in paragraph
 11 (1) and inserting in lieu thereof “October 17”.

12 (d) *TERMINATION OR MODIFICATION PROCES-*
 13 *DURES.*—(1) Section 251(d) is amended by striking out
 14 paragraph (3).

15 (2) The last sentence of section 251(c)(1) is amended by
 16 striking out “and authorized under subsection (d)(3)(D)(i)”.

17 (3) Section 256(l)(2) is amended by striking out “, in
 18 accordance with section 251(d)(3),”.

19 (e) *TECHNICAL AMENDMENTS.*—(1) Section
 20 254(b)(1)(A) is amended by striking out “Comptroller Gen-
 21 eral under section 251(c)(2)” and inserting in lieu thereof
 22 “Director of the Office of Management and Budget under
 23 section 251(c)(3)”.

1 (2) Section 274(f)(5) is amended by striking out “sec-
 2 tion 251 (b) or (c)(2)” and inserting in lieu thereof “section
 3 251 (b)(2) or (c)(3)”.

4 (3) Section 274(h) is amended—

5 (A) by striking out “Comptroller General” the
 6 first place it appears and inserting in lieu thereof “Di-
 7 rector of the Office of Management and Budget”; and

8 (B) by striking out “Comptroller General under
 9 section 251 (b) or (c)(2)” and inserting in lieu thereof
 10 “Director of the Office of Management and Budget
 11 under section 251 (b)(2) or (c)(3)”.

12 (f) *ECONOMIC ASSUMPTIONS; METHODOLOGY.*—(1)
 13 Section 251 is amended by adding at the end thereof the
 14 following new subsections:

15 “(h) *ECONOMIC ASSUMPTIONS.*—

16 “(1) *REQUIRED ECONOMIC ASSUMPTIONS FOR*
 17 *FISCAL YEAR 1987.*—In preparing each report required
 18 under this section for fiscal year 1987, the Director of
 19 the Office of Management and Budget, the Director of
 20 the Congressional Budget Office, and the Comptroller
 21 General shall use the following economic assumptions:

22 “The average level of the nominal gross na-
 23 tional product is \$4,438,000,000,000 for fiscal
 24 year 1987.

1 *“The average level of the real gross national*
2 *product is \$3,788,600,000,000 for fiscal year*
3 *1987.*

4 *“The average level of the gross national*
5 *product deflator is 117.15 for fiscal year 1987.*

6 *“The average level of the CPI-U index is*
7 *334.8 for fiscal year 1987.*

8 *“The average level of the CPI-W index is*
9 *330.0 for fiscal year 1987.*

10 *“The average level of the civilian unemploy-*
11 *ment rate is 6.8 percent for fiscal year 1987.*

12 *“The average level of the three-month Treas-*
13 *ury bill rate is 6.2 percent for fiscal year 1987.*

14 *“The average level of the ten-year govern-*
15 *ment bond rate is 7.6 percent for fiscal year*
16 *1987.*

17 *“The average level of corporate profits (eco-*
18 *nomics) is \$332,600,000,000 for fiscal year 1987.*

19 *“The average level of wage and salary dis-*
20 *bursements is \$2,184,200,000,000 for fiscal year*
21 *1987.*

22 *“The average level of other taxable income is*
23 *\$893,000,000,000 for fiscal year 1987.*

1 *“The average level of the capital consump-*
 2 *tion allowance is \$55,600,000,000 for fiscal year*
 3 *1987.*

4 *“The average level of the inventory valuation*
 5 *adjustment is negative \$6,600,000,000 for fiscal*
 6 *year 1987.*

7 *“The average level of oil prices is \$12.90 for*
 8 *fiscal year 1987.*

9 *“(2) FISCAL YEARS 1988 THROUGH 1991.—*

10 *“(A) REPORTS BY THE DIRECTORS AND*
 11 *THE COMPTROLLER GENERAL.—By July 15 of*
 12 *the calendar year in which a fiscal year begins*
 13 *(beginning with fiscal year 1988), the Director of*
 14 *the Office of Management and Budget, the Direc-*
 15 *tor of the Congressional Budget Office, and the*
 16 *Comptroller General shall each submit to the*
 17 *Temporary Joint Committee on Deficit Reduction*
 18 *established by section 274 a report proposing eco-*
 19 *nomie assumptions (for each of the items specified*
 20 *in paragraph (1)) for use by the Directors and the*
 21 *Comptroller General in preparing each report re-*
 22 *quired by subsections (a), (b), and (c) for such*
 23 *fiscal year.*

24 *“(B) REPORTING OF JOINT RESOLUTION.—*
 25 *The Temporary Joint Committee on Deficit Re-*

1 *duction established under section 274 may, at any*
2 *time before September 15 of a fiscal year (begin-*
3 *ning with fiscal year 1988), report to the Senate*
4 *and the House of Representatives a joint resolu-*
5 *tion for such fiscal year which—*

6 *“(i) specifies, for one or more economic*
7 *assumptions, the amount (within the range of*
8 *the amounts proposed for each such economic*
9 *assumption by the Director of the Office of*
10 *Management and Budget, the Director of the*
11 *Congressional Budget Office, and the Comp-*
12 *troller General in the reports required under*
13 *subparagraph (A)) for such economic as-*
14 *sumption for such fiscal year;*

15 *“(ii) directs the Directors and the*
16 *Comptroller General to use the amount spec-*
17 *ified in such joint resolution for each such*
18 *economic assumption in preparing each*
19 *report required under subsections (a), (b),*
20 *and (c) or such fiscal year; and*

21 *“(iii) directs the President to modify the*
22 *most recent order issued under section 252*
23 *for such fiscal year in a manner which im-*
24 *plements the amount specified in such joint*

1 *resolution for each such economic assump-*
2 *tion.*

3 “(C) *PROCEDURES.*—*The provisions relat-*
4 *ing to the consideration of joint resolutions under*
5 *section 254(a)(4) shall apply to the consideration*
6 *of a joint resolution reported pursuant to subpara-*
7 *graph (A), except that debate in each House shall*
8 *be limited to two hours.*

9 “(D) *ACTION IF ECONOMIC ASSUMPTION IS*
10 *NOT SPECIFIED BY JOINT RESOLUTION.*—*In*
11 *any case in which a joint resolution is not en-*
12 *acted under this paragraph specifying an amount*
13 *for an economic assumption for a fiscal year, the*
14 *Director of the Office of Management and Budget,*
15 *the Director of the Congressional Budget Office,*
16 *and the Comptroller General shall use the amount*
17 *for such economic assumption proposed by such*
18 *Director or Comptroller General in the report re-*
19 *quired under subparagraph (A) for a fiscal year.*

20 “(E) *DEFINITION.*—*For purposes of this*
21 *paragraph, the term ‘range of amounts’ means,*
22 *with respect to an economic assumption, any of*
23 *the amounts for such economic assumption which*
24 *is—*

“(i) not less than the lesser of the amounts proposed for such economic assumption by either Director or by the Comptroller General in the reports required by subparagraph (A) for a fiscal year; or

“(ii) not more than the higher of the amounts proposed for such economic assumption used by either Director or the Comptroller General in such reports.

“(i) *BUDGETARY RESOURCE-OUTLAY RATIOS.*—

“(1) *IN GENERAL.*—

“(A) *BASIC RULE.*—Except as provided in paragraph (2) and in subparagraph (E), in preparing each report required under this section for a fiscal year, the Director of the Office of Management and Budget, the Director of the Congressional Budget Office, and the Comptroller General shall calculate budget outlays resulting from each item of budgetary resources (specified in subclauses (I) through (VI) of subparagraph (F)(i)) for an account in accordance with this subsection, for purposes of—

“(i) determining under subsection (a) budget base levels of budget outlays for such fiscal year;

1 “(ii) determining the amount of budget
2 outlays for such fiscal year for defense pro-
3 grams to which subsections (a)(3)(E)(ii) and
4 (d) apply; and

5 “(iii) determining the amount of budget
6 outlays for such fiscal year for non-defense
7 programs to which subsection (a)(3)(F)(iv)
8 applies.

9 “(B) COMPUTATION RULES.—For purposes
10 of subparagraph (A), in order to determine the
11 amount of budget outlays for a fiscal year result-
12 ing from an item of budgetary resources for each
13 account to which clause (i), (ii), or (iii) of such
14 subparagraph applies, the Director of the Office of
15 Management and Budget, the Director of the Con-
16 gressional Budget Office, and the Comptroller
17 General shall make the following determinations:

18 “(i) The amount of such item of budget-
19 ary resources for such account for such fiscal
20 year shall be determined.

21 “(ii) The ratio described in subpara-
22 graph (C) shall be determined for such item
23 of budgetary resources for such account.

24 “(iii) The amount of budget outlays re-
25 sulting from such item of budgetary re-

sources for such account for such fiscal year shall be equal to the product of the amount determined under clause (i) of this subparagraph for such item of budgetary resources multiplied by the ratio determined under clause (ii) of this subparagraph for such item of budgetary resources.

“(C) DETERMINATION OF RATIO.—For each item of budgetary resources for each account, the ratio referred to in clause (ii) of such paragraph (B) shall be equal to the quotient of—

“(i) the amount of budget outlays specified as the average of the amounts of budget outlays proposed by each of the Directors for fiscal year 1986 for such account in the first appendix of the report submitted by the Directors under subsection (a) for fiscal year 1986 (as such report was modified by the report of the Comptroller General under subsection (b) for such fiscal year and reaffirmed by H. J. Res. 672, as adopted on July 17, 1986), except as provided by subparagraph (D) of this paragraph, divided by

“(ii) the amount for such item of budgetary resources specified as the average of the

1 amounts for such item proposed by each of
 2 the Directors for fiscal year 1986 for such
 3 account in such appendix.

4 “(D) ACCOUNTS WITH MORE THAN ONE
 5 ITEM OF BUDGETARY RESOURCES.—In any case
 6 in which, in the appendix described in subpara-
 7 graph (C)(i), there is—

8 “(i) more than one item of budgetary
 9 resources for an account to which clause (i),
 10 (ii), or (iii) of subparagraph (A) applies;

11 “(ii) or an excluded budgetary resource
 12 for such an account,

13 the amount of budget outlays for each such item of
 14 budgetary resources, for purposes of subparagraph
 15 (C)(i), shall be the amount of budget outlays de-
 16 termined by the Director of the Office of Manage-
 17 ment and Budget, the Director of the Congres-
 18 sional Budget Office, or the Comptroller General,
 19 as the case may be, that was associated with such
 20 item of budgetary resources for fiscal year 1986
 21 in the preparation of such appendix.

22 “(E) EXCEPTION.—Subparagraph (A) shall
 23 not apply to the calculation of budget outlays re-
 24 sulting from an item of budgetary resources for an
 25 account if the appendix described in clause (i) of

1 *subparagraph (C) does not specify the amount of*
 2 *budget outlays described in such subparagraph or*
 3 *the amount for an item of budgetary resources de-*
 4 *scribed in clause (ii) of such subparagraph.*

5 *“(F) DEFINITION.—For purposes of this*
 6 *subsection—*

7 *“(i) the term ‘item of budgetary re-*
 8 *sources’ means—*

9 *“(I) budget authority;*

10 *“(II) spending authority (as de-*
 11 *finied in section 401(c)(2) of the Con-*
 12 *gressional Budget Act of 1974);*

13 *“(III) offsetting collection amounts*
 14 *for spending authority (as so defined);*

15 *“(IV) direct loan limitations;*

16 *“(V) obligation limitations; and*

17 *“(VI) unobligated balances for de-*
 18 *fense programs; and*

19 *“(ii) the term ‘excluded budgetary re-*
 20 *source’ means—*

21 *“(I) spending authority (as defined*
 22 *in section 401(c)(2) of the Congression-*
 23 *al Budget Act of 1974) for automatic*
 24 *spending increases;*

25 *“(II) direct loan floors;*

1 “(III) guaranteed loan limitations;

2 “(IV) guaranteed loan floors;

3 “(V) unobligated balances for ad-

4 ministrative expenses;

5 “(VI) budget authority for auto-

6 matic spending increases; and

7 “(VII) budget authority for pro-

8 grams subject to special sequestration

9 rules.

10 “(2) PROPOSAL OF ALTERNATIVE RATIOS.—

11 “(A) IN GENERAL.—By June 20 of the cal-

12 endar year in which a fiscal year begins (begin-

13 ning with fiscal year 1988), the Directors may

14 submit a joint report to the Temporary Joint

15 Committee on Deficit Reduction established under

16 section 274(f) which proposes, for one or more

17 items of budgetary resources, the use, for purposes

18 of paragraph (1), of a ratio for such fiscal year

19 which is different than the ratio prescribed by

20 subparagraph (C) of such paragraph. The report

21 shall include, for each such item for which a dif-

22 ferent ratio is recommended, an explanation of the

23 reasons why the ratio prescribed by paragraph

24 (1)(C) is no longer adequate for purposes of para-

graph (1) and a justification for the ratio proposed for such account.

“(B) REPORTING OF JOINT RESOLUTION.—

Within 5 days after receiving a report under subparagraph (A), the Temporary Joint Committee may report to the Senate and the House of Representatives a joint resolution affirming the report submitted under subparagraph (A). The provisions relating to the consideration of joint resolutions under section 254(a)(4) shall apply to the consideration of a joint resolution reported pursuant to this subparagraph, except that debate in each House shall be limited to two hours.

“(C) EFFECT OF JOINT RESOLUTION.—If a

joint resolution is enacted under subparagraph (B) for a fiscal year, the Director of the Office of Management and Budget, the Director of the Congressional Budget Office, and the Comptroller General shall each, in preparing each report required under subsections (a) and (b) and for purposes of paragraph (1), use for each item of budgetary resources for which a ratio is contained in the report submitted under subparagraph (A), the ratio contained in such report (as affirmed pursuant to such joint resolution).

1 “(j) *COMPUTATION OF BUDGET BASE OUTLAYS RE-*
 2 *SULTING FROM OBLIGATED BALANCES.*—*In determining*
 3 *the amount of budget base outlays resulting from obligated*
 4 *balances for defense programs and non-defense programs for*
 5 *a fiscal year—*

6 “(1) *the Director of the Office of Management*
 7 *and Budget shall use the methodology used by such*
 8 *Director in determining such budget base outlays in*
 9 *the report required under subsection (a) for fiscal year*
 10 *1986; and*

11 “(2) *the Director of the Congressional Budget*
 12 *Office shall use the methodology used by such Director*
 13 *in determining such budget base outlays in the report*
 14 *required under subsection (a) for fiscal year 1986.*

15 “(k) *FEDERAL REGULATIONS.*—*Except as provided in*
 16 *subsection (a)(6)(D)(ii), in preparing each report required*
 17 *under this section for a fiscal year, the Director of the Office*
 18 *of Management and Budget, the Director of the Congression-*
 19 *al Budget Office, and the Comptroller General shall assume*
 20 *that only regulations which have been promulgated as final*
 21 *regulations by August 15 of the calendar year in which the*
 22 *fiscal year begins (with respect to reports required under sub-*
 23 *section (a) or (b) for such fiscal year), or by October 5 of the*
 24 *fiscal year (with respect to reports required under subsection*

1 (c) for such fiscal year), shall be in effect during such fiscal
2 year.

3 “(l) *ASSET SALES.*—In preparing each report required
4 under this section for a fiscal year, the Director of the Office
5 of Management and Budget, the Director of the Congression-
6 al Budget Office, and the Comptroller General shall assume
7 that only those sales of assets by the Federal Government
8 which are announced for such fiscal year by August 15 of a
9 calendar year in which such fiscal year begins (with respect
10 to reports required under subsection (a) or (b) for such fiscal
11 year), or by October 5 of the fiscal year (with respect to re-
12 ports required under subsection (c) for such fiscal year), will
13 occur during such fiscal year.

14 “(m) *PAY INCREASES.*—

15 “(1) *IN GENERAL.*—In preparing each report re-
16 quired under this section for a fiscal year, the Director
17 of the Office of Management and Budget, the Director
18 of the Congressional Budget Office, and the Comptrol-
19 ler General shall—

20 “(A) include amounts of budget authority
21 and budget outlays necessary to pay for any Fed-
22 eral pay adjustments for statutory pay systems if
23 such adjustments have been recommended by
24 the President or, notwithstanding subsection
25 (a)(6)(D)(i), have been enacted by law;

“(B) include amounts of budget authority and budget outlays necessary to pay for any pay adjustments for elements of military pay if such adjustments occur pursuant to law or are specifically enacted by law; and

“(C) assume that the percentage of the amounts of budget authority and budget outlays necessary to pay for such adjustments that will be absorbed by all Federal agencies will not exceed the average of the percentages of such amounts absorbed by all Federal agencies for the three most recently completed fiscal years for which such adjustments were made.

“(2) DEFINITION.—For purposes of this paragraph—

“(A) the term ‘statutory pay system’ has the same meaning as in section 256(g)(2)(A); and

“(B) the term ‘elements of military pay’ has the same meaning as in section 256(g)(2)(B).

“(n) FARM DEFICIENCY PAYMENTS.—In preparing each report required under this section for fiscal year 1987, the Director of the Office of Management and Budget, the Director of the Congressional Budget Office, and the Comptroller General shall assume that advance deficiency payments shall be made available to producers who agree to par-

1 *ticipate in an acreage limitation or set-aside program for the*
 2 *crop year relating to such fiscal year based on an amount*
 3 *under section 107C(a)(2)(F)(iii) of the Agricultural Act of*
 4 *1949 (7 U.S.C. 1445b-2(a)(2)(F)(iii)) of—*

5 “(A) *in the case of wheat and feed grains, 40 per-*
 6 *cent of the projected payment rate, as determined by*
 7 *the Secretary of Agriculture; and*

8 “(B) *in the case of upland cotton and rice, 30*
 9 *percent of the projected payment rate, as determined by*
 10 *such Secretary.”.*

11 (g) *ENTITLEMENTS.—Section 251(a)(6)(A) is amend-*
 12 *ed by inserting before the semicolon a comma and “including*
 13 *the continuation of current law with respect to entitlements*
 14 *funded through annual appropriation Acts and with respect*
 15 *to the Food Stamp Act of 1977”.*

16 (h) *COMPLIANCE REPORT.—Section 253 is amended*
 17 *to read as follows:*

18 “**SEC. 253. COMPLIANCE REPORT BY COMPTROLLER GENERAL.**

19 “*On or before November 15 of each fiscal year, the*
 20 *Comptroller General shall submit to the Congress and the*
 21 *President a report on—*

22 “(1) *the extent to which the President’s order*
 23 *issued under section 252(b) for such fiscal year com-*
 24 *plies with all of the requirements contained in section*
 25 *252, either certifying that the order fully and accurate-*

ly complies with such requirements or indicating the respects in which it does not;

“(2) the extent to which each report of the Director of the Office and Management and Budget under section 251 (b)(2) and (c)(3) for such fiscal year complies with all of the requirements contained in this part, either certifying that the order fully and accurately complies with such requirements or indicating the respects in which it does not; and

“(3) any recommendations of the Comptroller General for improving the procedures set forth in this part.”.

(i) *EXEMPT PROGRAM*.—Section 255(g)(1) is amended by inserting before the first item relating to the Western Area Power Administration the following new item:

“Washington Metropolitan Area Transit Authority, Interest payments (46-0300-0-1-401);”.

(j) *TEMPORARY JOINT COMMITTEE*.—Section 274(f)(2) is amended—

(1) by striking out “Upon the invalidation of any such procedure there” in the first sentence and inserting in lieu thereof “There”;

(2) by striking out “and” before “to report” in the third sentence and inserting in lieu thereof a comma; and

1 (3) by inserting before the period in the third sen-
 2 tence a comma and “and to carry out the functions
 3 specified in subsections (h) and (i) of section 251”.

4 (k) *APPLICABILITY.*—The amendments made by this
 5 section shall apply with respect to any report required to be
 6 submitted, and any order issued, after the date of enactment
 7 of this Act under part C of the Balanced Budget and Emer-
 8 gency Deficit Control Act of 1985.

9 **SEC. 303. RESTORATION OF AUTHORITY OF COMPTROLLER**
 10 **GENERAL.**

11 (a) If, at any time after the date of enactment of this
 12 Act, provisions of law are enacted which—

13 (1) establish the Comptroller General of the
 14 United States as an officer of the executive branch of
 15 the Government; or

16 (2) establish an independent agency in the execu-
 17 tive branch of the Government to carry out the func-
 18 tions of the Comptroller General which are executive
 19 in nature,

20 the provisions of the Balanced Budget and Emergency Defi-
 21 cit Control Act of 1985 (as in effect on the date of enactment
 22 of such Act) shall be restored or revived and shall be effective
 23 as if this Act, and the amendments made by this Act, had not
 24 been enacted.

1 (b) *If, pursuant to subsection (a), the provisions of the*
 2 *Balanced Budget and Emergency Deficit Control Act of*
 3 *1985 are restored and revived, the responsibilities assigned*
 4 *by such Act (as so revived and restored) to the Comptroller*
 5 *General shall be carried out by—*

6 (1) *the Comptroller General (if provisions of law*
 7 *described in subsection (a)(1) have been enacted); or*

8 (2) *the head of the agency established pursuant to*
 9 *provisions of law described in subsection (a)(2),*
 10 *as the case may be.*

11 **SEC. 304. MODIFICATION OF DEADLINE FOR SUBMISSION OF**
 12 **PRESIDENT'S BUDGET.**

13 (a) *Section 1105(a) of title 31, United States Code, is*
 14 *amended by striking out “first Monday after January 3 of*
 15 *each year (or on or before February 5 in 1986)” and insert-*
 16 *ing in lieu thereof “first Tuesday in February of each year”.*

17 (b) *Section 300 of the Congressional Budget Act of*
 18 *1974 is amended by striking out “First Monday after Janu-*
 19 *ary 3” and inserting in lieu thereof “First Tuesday in*
 20 *February”.*

21 **TITLE IV—UNLAWFUL LAUNDERING OF**
 22 **MONEY**

23 SEC. 401. *This title may be cited as the “Money Laun-*
 24 *dering Crimes Act of 1986”.*

1 *SEC. 402. (a) Chapter 95 of title 18, United States*
2 *Code, is amended by adding at the end thereof the following*
3 *new section:*

4 ***“§ 1956. Laundering of monetary instruments***

5 *“(a)(1) Whoever, knowing that the property involved in*
6 *a financial transaction represents the proceeds of some form*
7 *of unlawful activity, conducts or attempts to conduct such a*
8 *financial transaction which in fact involves the proceeds of*
9 *specified unlawful activity—*

10 *“(A) with the intent to facilitate the carrying on*
11 *of specified unlawful activity; or*

12 *“(B) knowing that the transaction is designed in*
13 *whole or in part—*

14 *“(i) to conceal or disguise the nature, the lo-*
15 *cation, the source, the ownership, or the control of*
16 *the proceeds of specified unlawful activity; or*

17 *“(ii) to avoid a transaction reporting require-*
18 *ment under State or Federal law,*

19 *shall be sentenced to a fine of not more than \$250,000 or*
20 *twice the value of the property involved in the transaction,*
21 *whichever is greater, or imprisonment for not more than*
22 *twenty years, or both.*

23 *“(2) Whoever transports or attempts to transport a mon-*
24 *etary instrument or funds from a place in the United States*
25 *to or through a place outside the United States or to a place*

1 *in the United States from or through a place outside the*
2 *United States—*

3 “(A) *with the intent to facilitate the carrying on*
4 *of specified unlawful activity; or*

5 “(B) *knowing that the monetary instrument or*
6 *funds involved in the transportation represent the pro-*
7 *ceeds of some form of unlawful activity and knowing*
8 *that such transportation is designed in whole or in*
9 *part—*

10 “(i) *to conceal or disguise the nature, the lo-*
11 *cation, the source, the ownership, or the control of*
12 *the proceeds of specified unlawful activity; or*

13 “(ii) *to avoid a transaction reporting require-*
14 *ment under State or Federal law,*

15 *shall be sentenced to a fine of \$250,000 or twice the value of*
16 *the monetary instrument or funds involved in the transporta-*
17 *tion, whichever is greater, or imprisonment for not more than*
18 *twenty years, or both.*

19 “(3) *Whoever conducts or attempts to conduct a finan-*
20 *cial transaction that in whole or in part involves the proceeds*
21 *of specified unlawful activity with intent to violate or facili-*
22 *tate a violation of section 7201 or 7206 of the Internal Reve-*
23 *nue Code of 1954 shall be sentenced to a fine of not more*
24 *than \$250,000 or twice the value of the monetary instrument*

1 *or funds involved in the transaction, whichever is greater, or*
2 *imprisonment for not more than twenty years, or both.*

3 “(b) *Whoever conducts or attempts to conduct a transac-*
4 *tion described in subsection (a)(1) or (a)(3) or a transporta-*
5 *tion described in subsection (a)(2) is liable to the United*
6 *States for a civil penalty of not more than the greater of—*

7 “(1) *the value of the property, funds, or monetary*
8 *instruments involved in the transaction; or*

9 “(2) *\$10,000.*

10 “(c) *As used in this section—*

11 “(1) *the phrase ‘knowing that the property in-*
12 *volved in a financial transaction represents the pro-*
13 *ceeds of some form of unlawful activity’ means that the*
14 *person knew the property involved in the transaction*
15 *represented proceeds from some form, though not neces-*
16 *sarily which form, of activity that constitutes a felony*
17 *under State or Federal law, regardless of whether or*
18 *not such activity is specified in paragraph (7);*

19 “(2) *the term ‘conducts’ includes but is not limit-*
20 *ed to initiating, concluding, or participating in initiat-*
21 *ing, or concluding a transaction;*

22 “(3) *the term ‘transaction’ includes but is not lim-*
23 *ited to a purchase, sale, loan, pledge, gift, transfer, de-*
24 *livery, or other disposition, and with respect to a finan-*
25 *cial institution includes but is not limited to a deposit,*

1 *withdrawal, transfer between accounts, exchange of*
2 *currency, loan, extension of credit, purchase or sale of*
3 *any stock, bond, certificate of deposit, or other mone-*
4 *tary instrument, or any other payment, transfer, or de-*
5 *livery by, through, or to a financial institution, by*
6 *whatever means effected;*

7 “(4) the term ‘financial transaction’ means a
8 *transaction involving the movement of funds by wire or*
9 *other means or involving one or more monetary instru-*
10 *ments, which in any way or degree affects interstate or*
11 *foreign commerce, or a transaction involving the use of*
12 *a financial institution which is engaged in, or the ac-*
13 *tivities of which affect, interstate or foreign commerce*
14 *in any way or degree;*

15 “(5) the term ‘monetary instruments’ means coin
16 *or currency of the United States or of any other coun-*
17 *try, travelers’ checks, personal checks, bank checks,*
18 *money orders, investment securities in bearer form or*
19 *otherwise in such form that title thereto passes upon*
20 *delivery, and negotiable instruments in bearer form or*
21 *otherwise in such form that title thereto passes upon*
22 *delivery;*

23 “(6) the term ‘financial institution’ has the defini-
24 *tion given that term in section 5312(a)(2) of title 31,*

1 *United States Code, and the regulations promulgated*
2 *thereunder;*

3 “(7) the term ‘specified unlawful activity’
4 *means—*

5 “(A) any act or activity occurring in whole
6 *or in part in, or directed at, the United States,*
7 *and constituting an offense listed in section*
8 *1961(1) of this title except an act which is indict-*
9 *able under the Currency and Foreign Transac-*
10 *tions Reporting Act;*

11 “(B) with respect to a financial transaction
12 *occurring in whole or in part in the United*
13 *States, an offense against a foreign nation involv-*
14 *ing the manufacture, importation, sale, or distri-*
15 *bution of a controlled substance (as such term is*
16 *defined for the purposes of the Controlled Sub-*
17 *stances Act);*

18 “(C) any act or acts constituting a continu-
19 *ing criminal enterprise, as that term is defined in*
20 *section 408 of the Controlled Substances Act (21*
21 *U.S.C. 848); or*

22 “(D) an offense under section 152 (relating
23 *to concealment of assets; false oaths and claims;*
24 *bribery), section 215 (relating to commissions or*
25 *gifts for procuring loans), sections 500 through*

1 503 (relating to certain counterfeiting offenses),
2 section 511 (relating to securities of States and
3 private entities), section 545 (relating to smug-
4 gling goods into the United States), section 641
5 (relating to public money, property, or records),
6 section 656 (relating to theft, embezzlement, or
7 misapplication by bank officer or employee), sec-
8 tion 666 (relating to theft or bribery concerning
9 programs receiving Federal funds), section 793,
10 794, or 798 (relating to espionage), section 875
11 (relating to interstate communications), section
12 1201 (relating to kidnaping), section 1203 (relat-
13 ing to hostage taking), section 1344 (relating to
14 bank fraud), or section 2113 or 2114 (relating to
15 bank and postal robbery and theft) of this title,
16 section 38 of the Arms Export Control Act (22
17 U.S.C. 2778), the Export Administration Act of
18 1979 (50 U.S.C. App. 2401 et seq.), the Interna-
19 tional Emergency Economic Powers Act (50
20 U.S.C. 1702 et seq.), and the Trading with the
21 Enemy Act (50 U.S.C. App. 1 et seq.).

22 “(d) Nothing in this section shall supersede any provi-
23 sion of Federal, State, or other law imposing criminal penal-
24 ties or affording civil remedies in addition to those provided
25 for in this section.

1 “(e) Violations of this section may be investigated by
 2 such components of the Department of Justice as the Attorney
 3 General may direct, and by such components of the Depart-
 4 ment of the Treasury as the Secretary of the Treasury may
 5 direct, as appropriate.

6 “(f) There is extraterritorial jurisdiction over the con-
 7 duct prohibited by this section if—

8 “(1) the conduct is by a United States citizen or,
 9 in the case of a non-United States citizen, the conduct
 10 occurs in substantial part in the United States; and

11 “(2) the transaction or series of related transac-
 12 tions involves funds or monetary instruments of a
 13 value exceeding \$10,000.”.

14 (b) The table of sections at the beginning of chapter 95
 15 of title 18 is amended by adding at the end the following new
 16 item:

“1956. Laundering of monetary instruments”.

17 SEC. 403. (a) Subsection 1103(c) of the Right to Fi-
 18 nancial Privacy Act of 1978 (12 U.S.C. 3403(c)) is amend-
 19 ed by adding at the end thereof the following: “Such informa-
 20 tion may include only the name or names of and other identi-
 21 fying information concerning the individuals and accounts
 22 involved in and the nature of the suspected illegal activity.
 23 Such information may be disclosed notwithstanding any law
 24 or regulation of any State or political subdivision thereof to
 25 the contrary. Any financial institution, or officer, employee,

1 *or agent thereof, making a disclosure of information pursuant*
2 *to this subsection in good faith, shall not be liable to the cus-*
3 *tomers under any law or regulation of the United States or*
4 *any State or political subdivision thereof, for such disclosure*
5 *or for any failure to notify the customer of such disclosure.”.*

6 *(b) Section 1113(i) of the Right to Financial Privacy*
7 *Act of 1978 (12 U.S.C. 3413(i)) is amended by inserting*
8 *immediately before the period at the end thereof a comma and*
9 *the following: “except that a court shall have authority to*
10 *order a financial institution, on which a grand jury subpoena*
11 *for customer records has been served, to delay notifying the*
12 *customer of the existence of the subpoena or information that*
13 *has been furnished to the grand jury, under the circum-*
14 *stances specified and pursuant to the procedures established*
15 *in section 1109 of the Right to Financial Privacy Act of*
16 *1978 (12 U.S.C. 3409)”.*

17 *SEC. 404. (a) Section 5318 of title 31, United States*
18 *Code, is amended to read as follows:*

19 ***“§ 5318. Compliance, exemptions, and summons authority***

20 ***“(a) The Secretary of the Treasury may (except under***
21 *section 5315 of this title and regulations prescribed under*
22 *section 5315)—*

23 ***“(1) delegate duties and powers under this sub-***
24 *chapter to an appropriate supervising agency, except as*
25 *provided in subsection (c);*

1 “(2) require a class of domestic financial institu-
2 tions to maintain appropriate procedures to ensure
3 compliance with this subchapter and regulations pre-
4 scribed under this subchapter;

5 “(3) examine any books, papers, records, or other
6 data of domestic financial institutions relevant to the
7 recordkeeping or reporting requirements of this sub-
8 chapter;

9 “(4) summon a financial institution or an officer
10 or employee of a financial institution, or a former offi-
11 cer or employee, or any person having possession, cus-
12 tody, or care of the reports and records required under
13 this subchapter, to appear before the Secretary of the
14 Treasury or his delegate at a time and place named in
15 the summons and to produce such books, papers,
16 records, or other data, and to give testimony, under
17 oath, as may be relevant or material to an investiga-
18 tion described in subsection (c); and

19 “(5) prescribe an appropriate exemption from a
20 requirement under this subchapter and regulations pre-
21 scribed under this subchapter. The Secretary may
22 revoke an exemption by actually or constructively noti-
23 fying the parties affected. A revocation is effective
24 during judicial review.

1 “(b) *The purposes for which the Secretary of the Treas-*
2 *ury may take any action described in paragraph (3) of sub-*
3 *section (a) include the purpose of civil and criminal enforce-*
4 *ment of the provisions of this subchapter, section 21 of the*
5 *Federal Deposit Insurance Act (12 U.S.C. 1829b), section*
6 *411 of the National Housing Act (12 U.S.C. 1730d), or*
7 *chapter 2 of Public Law 91-508.*

8 “(c) *The purpose for which the Secretary of the Treas-*
9 *ury may take any action described in paragraph (4) of sub-*
10 *section (a) is limited to investigating violations of this sub-*
11 *chapter, violations of section 21 of the Federal Insurance Act*
12 *(12 U.S.C. 1829b), violations of section 411 of the National*
13 *Housing Act (12 U.S.C. 1730d), or violations of chapter 2 of*
14 *Public Law 91-508 for the purpose solely of civil enforce-*
15 *ment of these provisions or any regulation issued thereunder.*
16 *A summons may be issued under paragraph (4) of subsection*
17 *(a) only by, or with the approval of, the Secretary of the*
18 *Treasury or a supervisory level delegate of the Secretary of*
19 *the Treasury.*

20 “(d) *A summons pursuant to this section may require*
21 *that books, papers, records, or other data stored or main-*
22 *tained at any place be produced at any designated location in*
23 *any State or in any territory or other place subject to the*
24 *jurisdiction of the United States not more than five hundred*
25 *miles distant from any place where the financial institution*

1 operates or conducts business in the United States. Persons
2 summoned under this section shall be paid the same fees and
3 mileage for travel in the United States that are paid wit-
4 nesses in the courts of the United States. The United States
5 shall not be liable for any other expenses incurred in connec-
6 tion with the production of books, papers, records, or other
7 data pursuant to the provisions of this section.

8 “(e) Service of a summons issued under this section
9 may be by registered mail or in such other manner calculated
10 to give actual notice as the Secretary may provide by
11 regulation.

12 “(f) In the case of contumacy by or refusal to obey a
13 summons issued to any person under this section, the Secre-
14 tary shall refer the matter to the Attorney General. The At-
15 torney General may invoke the aid of any court of the United
16 States within the jurisdiction of which the investigation
17 which gave rise to the summons is being or has been carried
18 on or of which the person summoned is an inhabitant, or in
19 which he carries on business or may be found, to compel
20 compliance with the summons. The court may issue an order
21 requiring the person summoned to appear before the Secre-
22 tary or his delegate to produce books, papers, records, and
23 other data, to give testimony as may be necessary to explain
24 how such material was compiled and maintained, and to pay
25 the costs of the proceeding. Any failure to obey the order of

1 *the court may be punished by the court as a contempt thereof.*
2 *All process in any such case may be served in any judicial*
3 *district in which such person may be found.”.*

4 *(b)(1) Paragraph (1) of subsection (a) of section 5321*
5 *of title 31, United States Code, is amended to read as*
6 *follows:*

7 *“(1) A domestic financial institution, and a partner, di-*
8 *rector, officer, or employee of a domestic financial institution,*
9 *willfully violating this subchapter or a regulation prescribed*
10 *under this subchapter (except sections 5314 and 5315 of this*
11 *title or a regulation prescribed under sections 5314 and*
12 *5315), or any person causing such a violation, is liable to the*
13 *United States Government for a civil penalty of not more*
14 *than the amount of the transaction (but not more than*
15 *\$1,000,000) or \$25,000, whichever is greater. For a willful*
16 *violation of section 5318(a)(2) of this title, or a regulation*
17 *prescribed under section 5318(a)(2), a separate violation*
18 *occurs for each day the violation continues and at such office,*
19 *branch, or place of business at which a violation occurs or*
20 *continues.”.*

21 *(2) Paragraph (2) of subsection (a) of section 5321 of*
22 *title 31, United States Code, is amended to read as follows:*

23 *“(2) A civil penalty under paragraph (1) is reduced by*
24 *an amount forfeited under section 5317(b).”.*

1 (3) Subsection (a) of section 5321 of title 31, United
2 States Code, is amended by adding at the end thereof the
3 following new paragraphs:

4 “(4) A person willfully violating the provisions of sec-
5 tion 5314 of this title or of a regulation prescribed under
6 section 5314 is liable to the United States Government for a
7 civil penalty of not more than—

8 “(A) where the violation involves a transaction,
9 the amount of the transaction or \$25,000, whichever is
10 greater, or

11 “(B) where the violation involves the failure to
12 report the existence of an account or any required iden-
13 tifying data pertaining to the account, the amount of
14 the account (but not more than \$250,000) or \$25,000,
15 whichever is greater.

16 “(5) Any financial institution negligently violating any
17 provision of this subchapter or a regulation prescribed under
18 this subchapter is liable to the United States for a civil pen-
19 alty of not more than \$1,000.

20 “(6) A civil penalty assessed pursuant to this section is
21 in addition to any criminal penalty under section 5322 of
22 this title based on the same transaction.”.

23 (c) Subsection (b) of section 5321 of title 31, United
24 States Code, is amended to read as follows:

1 “(b) The Secretary may assess a civil penalty under
2 this section within six years from the date of the transaction
3 in which the penalty is based. The Secretary may bring a
4 civil action to recover a civil penalty under this section
5 within two years from the date of a penalty assessment or the
6 conclusion of a criminal action under section 5322 of this
7 title based on the same transaction, whichever is later.”.

8 (d) Subsection (c) of section 5321 of title 31 is amended
9 to read as follows:

10 “(c) The Secretary of the Treasury may remit any part
11 of a forfeiture under subsection 5317(b) of this title or may
12 mitigate any civil penalty under subsection (a) of this
13 section.”.

14 (e) Subsection (b) of section 5322 of title 31, United
15 States Code, is amended by striking out “pattern of illegal
16 activity involving transactions of more than \$100,000” and
17 inserting in lieu thereof “pattern of any illegal activity in-
18 volving more than \$100,000”, and by striking out “5” and
19 inserting in lieu thereof “10”.

20 (f) Section 5312(a)(3)(B) of title 31, United States
21 Code, is amended by striking the period at the end thereof
22 and inserting in lieu thereof: “payable to a fictitious payee.”.

23 (g) Section 5312(a)(5) of title 31, United States Code,
24 is amended to read as follows:

1 “(5) ‘United States’ means the States of the
 2 United States, the District of Columbia, and, when the
 3 Secretary prescribes by regulation, the Commonwealth
 4 of Puerto Rico, the Virgin Islands, Guam, the North-
 5 ern Mariana Islands, American Samoa, the Trust Ter-
 6 ritory of the Pacific Islands, any other territory or pos-
 7 session of the United States, or a military or diplomat-
 8 ic establishment.”.

9 (h) Subsection (a) of section 5313 of title 31, United
 10 States Code, is amended by adding at the end thereof the
 11 following: “No person shall, for the purpose of evading the
 12 reporting requirements of this subsection—

13 “(1) cause or attempt to cause a domestic finan-
 14 cial institution to fail to file a report required by this
 15 subsection;

16 “(2) cause or attempt to cause a domestic finan-
 17 cial institution to file a report required by this subsec-
 18 tion that contains a material omission or misstatement
 19 of fact; or

20 “(3) structure or attempt to structure or assist in
 21 structuring a transaction.”.

22 SEC. 405. (a) Subsection (b) of section 1952 of title 18,
 23 United States Code, is amended by striking out “or” before
 24 “(2)”, and by striking out the period at the end thereof and
 25 inserting in lieu thereof the following: “, or (3) any act which

1 *is indictable under subchapter II of chapter 53 of title 31,*
 2 *United States Code, or under section 1956 of this title.”.*

3 (b) Subsection (l) of section 1961 of title 18, United
 4 States Code, is amended by inserting “section 1956 (relating
 5 to the laundering of monetary instruments),” after “section
 6 1955 (relating to the prohibition of illegal gambling
 7 businesses),”.

8 (c) Subsection (l) of section 2516 of title 18, United
 9 States Code, is amended in paragraph (c) by inserting “sec-
 10 tion 1956 (laundering of monetary instruments),” after “sec-
 11 tion 1955 (prohibition of business enterprises of
 12 gambling),”.

13 SEC. 406. (a) Title 18 of the United States Code is
 14 amended by adding after chapter 45 a new chapter 46 as
 15 follows:

16 **“CHAPTER 46—FORFEITURE**

“Sec.

“981. Civil Forfeiture.

“982. Criminal Forfeiture.

17 **“§ 981. Civil forfeiture**

18 “(a)(1) Except as provided in paragraph (2), the follow-
 19 ing property is subject to forfeiture to the United States:

20 “(A) Any property, real or personal, which repre-
 21 sents the gross receipts a person obtains, directly or in-
 22 directly, as a result of a violation of section 1956 of
 23 this title, or which is traceable to such gross receipts.

1 “(B) Any property involved in a financial trans-
2 action (as such term is defined in section 1956(c) of
3 this title) within the jurisdiction of the United States,
4 which represents the proceeds of an offense against a
5 foreign nation involving the manufacture, importation,
6 sale, or distribution of a controlled substance (as such
7 term is defined for the purposes of the Controlled Sub-
8 stances Act), within whose jurisdiction such offense or
9 activity would be punishable by death or imprisonment
10 for a term exceeding one year and which would be
11 punishable by imprisonment for a term exceeding one
12 year if such act or activity had occurred within the ju-
13 risdiction of the United States.

14 “(C) Any property involved in a transaction
15 which the owner of the property knows to be conducted
16 in violation of section 5313(a) or 5316 of title 31,
17 except that no property shall be seized or forfeited
18 under this subparagraph if the property is owned by a
19 domestic financial institution examined by a Federal
20 bank supervisory agency or a financial institution reg-
21 ulated by the Securities and Exchange Commission.

22 “(2) No property shall be forfeited under this section to
23 the extent of the interest of an owner by reason of any act or
24 omission established by that owner to have been committed
25 without the knowledge of that owner.

1 “(b) Any property subject to forfeiture to the United
2 States under subsection (a)(1)(A) or (a)(1)(B) of this section
3 may be seized by the Attorney General, and any property
4 subject to forfeiture under subsection (a)(1)(C) of this section
5 may be seized by the Secretary of the Treasury, in each case
6 upon process issued pursuant to the Supplemental Rules for
7 certain Admiralty and Maritime Claims by any district
8 court of the United States having jurisdiction over the prop-
9 erty, except that seizure without such process may be made
10 when—

11 “(1) the seizure is pursuant to a lawful arrest or
12 search; or

13 “(2) the Attorney General or the Secretary of the
14 Treasury, as the case may be, has obtained a warrant
15 for such seizure pursuant to the Federal Rules of
16 Criminal Procedure, in which event proceedings un-
17 der subsection (d) of this section shall be institut-
18 ed promptly.

19 “(c) Property taken or detained under this section shall
20 not be repleviable, but shall be deemed to be in the custody of
21 the Attorney General or the Secretary of the Treasury, as the
22 case may be, subject only to the orders and decrees of the
23 court or the official having jurisdiction thereof. Whenever
24 property is seized under this subsection, the Attorney Gener-

1 *al or the Secretary of the Treasury, as the case may be,*
2 *may—*

3 “(1) *place the property under seal;*

4 “(2) *remove the property to a place designated by*
5 *him; or*

6 “(3) *require that the General Services Adminis-*
7 *tration take custody of the property and remove it, if*
8 *practicable, to an appropriate location for disposition*
9 *in accordance with law.*

10 “(d) *For purposes of this section, the provisions of the*
11 *customs laws relating to the seizure, summary and judicial*
12 *forfeiture, condemnation of property for violation of the cus-*
13 *toms laws, the disposition of such property or the proceeds*
14 *from the sale of this section, the remission or mitigation of*
15 *such forfeitures, and the compromise of claims (19 U.S.C.*
16 *1602 et seq.), insofar as they are applicable and not incon-*
17 *sistent with the provisions of this section or of title 31, shall*
18 *apply to seizures and forfeitures incurred, or alleged to have*
19 *been incurred, under this section, except that such duties as*
20 *are imposed upon the customs officer or any other person*
21 *with respect to the seizure and forfeiture of property under*
22 *the customs laws shall be performed with respect to seizures*
23 *and forfeitures of property under this section by such officers,*
24 *agents, or other persons as may be authorized or designated*

1 *for that purpose by the Attorney General or the Secretary of*
2 *the Treasury, as the case may be.*

3 “(e) *Notwithstanding any other provision of the law, the*
4 *Attorney General or the Secretary of the Treasury, as the*
5 *case may be, is authorized to retain property forfeited pursu-*
6 *ant to this section, or to transfer such property on such terms*
7 *and conditions as he may determine to—*

8 “(1) *any other Federal agency; or*

9 “(2) *any State or local law enforcement agency*
10 *which participated directly in any of the acts which led*
11 *to the seizure or forfeiture of the property.*

12 *The Attorney General or the Secretary of the Treasury, as*
13 *the case may be, shall ensure the equitable transfer pursuant*
14 *to paragraph (2) of any forfeited property to the appropriate*
15 *State or local law enforcement agency so as to reflect general-*
16 *ly the contribution of any such agency participating directly*
17 *in any of the acts which led to the seizure or forfeiture of such*
18 *property. A decision by the Attorney General or the Secre-*
19 *tary of the Treasury pursuant to paragraph (2) shall not be*
20 *subject to review. The United States shall not be liable in*
21 *any action arising out of the use of any property the custody*
22 *of which was transferred pursuant to this section to any non-*
23 *Federal agency. The Attorney General or the Secretary of*
24 *the Treasury may order the discontinuance of any forfeiture*
25 *proceedings under this section in favor of the institution of*

1 *forfeiture proceedings by State or local authorities under an*
2 *appropriate State or local statute. After the filing of a com-*
3 *plaint for forfeiture under this section, the Attorney General*
4 *may seek dismissal of the complaint in favor of forfeiture*
5 *proceedings under State or local law. Whenever forfeiture*
6 *proceedings are discontinued by the United States in favor of*
7 *State or local proceedings, the United States may transfer*
8 *custody and possession of the seized property to the appropri-*
9 *ate State or local official immediately upon the initiation of*
10 *the proper actions by such officials. Whenever forfeiture pro-*
11 *ceedings are discontinued by the United States in favor of*
12 *State or local proceedings, notice shall be sent to all known*
13 *interested parties advising them of the discontinuance or dis-*
14 *missal. The United States shall not be liable in any action*
15 *arising out of the seizure, detention, and transfer of seized*
16 *property to State or local officials.*

17 “(f) All right, title, and interest in property described in
18 subsection (a) of this section shall vest in the United States
19 upon commission of the act giving rise to forfeiture under this
20 section.

21 “(g) The filing of an indictment or information alleging
22 a violation of law which is also related to a forfeiture proceed-
23 ing under this section shall, upon motion of the United
24 States and for good cause shown, stay the forfeiture
25 proceeding.

1 “(h) In addition to the venue provided for in section
2 1395 of title 28 or any other provision of law, in the case of
3 property of a defendant charged with a violation that is the
4 basis for forfeiture of the property under this section, a pro-
5 ceeding for forfeiture under this section may be brought in
6 the judicial district in which the defendant owning such prop-
7 erty is found or in the judicial district in which the criminal
8 prosecution is brought.

9 “(i) In the case of property subject to forfeiture under
10 subsection (a)(1)(B), the following additional provisions shall
11 apply:

12 “(1) Notwithstanding any other provision of law,
13 whenever property is civilly or criminally forfeited
14 under this subchapter, the Attorney General may equi-
15 tably transfer any conveyance, currency, and any other
16 type of personal property which the Attorney General
17 may designate by regulation for equitable transfer, or
18 any amounts realized by the United States from the
19 sale of any real or personal property forfeited under
20 this subchapter to an appropriate foreign country to re-
21 flect generally the contribution of any such foreign
22 country participating directly or indirectly in any acts
23 which led to the seizure or forfeiture of such property.
24 Such property when forfeited pursuant to subsection
25 (a)(1)(B) of this section may also be transferred to a

1 *foreign country pursuant to a treaty providing for the*
2 *transfer of forfeited property to such foreign country. A*
3 *decision by the Attorney General pursuant to this*
4 *paragraph shall not be subject to review. The foreign*
5 *country shall, in the event of a transfer of property or*
6 *proceeds of sale of property under this subchapter, bear*
7 *all expenses incurred by the United States in the sei-*
8 *zure, maintenance, inventory, storage, forfeiture, and*
9 *disposition of the property, and all transfer costs. The*
10 *payment of all such expenses, and the transfer of assets*
11 *pursuant to this paragraph, shall be upon such terms*
12 *and conditions as the Attorney General may, in his*
13 *discretion, set.*

14 “(2) *The provisions of this section shall not be*
15 *construed as limiting or superseding any other author-*
16 *ity of the United States to provide assistance to a for-*
17 *ign country in obtaining property related to a crime*
18 *committed in the foreign country, including, but not*
19 *limited to, property which is sought as evidence of a*
20 *crime committed in the foreign country.*

21 “(3) *A certified order or judgment of forfeiture by*
22 *a court of competent jurisdiction of a foreign country*
23 *concerning property which is the subject of forfeiture*
24 *under this section and was determined by such court to*
25 *be the type of property described in subsection*

1 *(a)(1)(B) of this section, and any certified recordings*
2 *or transcripts of testimony taken in a foreign judicial*
3 *proceeding concerning such order or judgment of for-*
4 *feiture, shall be admissible in evidence in a proceeding*
5 *brought pursuant to this section. Such certified order*
6 *or judgment of forfeiture, when admitted into evidence,*
7 *shall constitute probable cause that the property forfeit-*
8 *ed by such order or judgment of forfeiture is subject to*
9 *forfeiture under this section and creates a rebuttable*
10 *presumption of the forfeitability of such property under*
11 *this section.*

12 *“(4) A certified order or judgment of conviction*
13 *by a court of competent jurisdiction of a foreign coun-*
14 *try concerning an unlawful drug activity which gives*
15 *rise to forfeiture under this section and any certified*
16 *recordings or transcripts of testimony taken in a for-*
17 *ign judicial proceeding concerning such order or judg-*
18 *ment of conviction shall be admissible in evidence in a*
19 *proceeding brought pursuant to this section. Such certi-*
20 *fied order or judgment of conviction, when admitted*
21 *into evidence, creates a rebuttable presumption that the*
22 *unlawful drug activity giving rise to forfeiture under*
23 *this section has occurred.*

24 *“(5) The provisions of paragraphs (3) and (4) of*
25 *this subsection shall not be construed as limiting the*

1 *admissibility of any evidence otherwise admissible, nor*
2 *shall they limit the ability of the United States to es-*
3 *tablish probable cause that property is subject to for-*
4 *feiture by any evidence otherwise admissible.*

5 *“(k) For purposes of this section—*

6 *“(1) the term ‘Attorney General’ means the Attor-*
7 *ney General or his delegate; and*

8 *“(2) the term ‘Secretary of the Treasury’ means*
9 *the Secretary of the Treasury or his delegate.*

10 ***“§ 982. Criminal forfeiture***

11 *“(a) The court, in imposing sentence on a person con-*
12 *victed of an offense under section 1956 of this title shall order*
13 *that the person forfeit to the United States any property, real*
14 *or personal, which represents the gross receipts the person*
15 *obtained, directly or indirectly, as a result of such offense, or*
16 *which is traceable to such gross receipts.*

17 *“(b) The provisions of subsections 413 (c) and (e)*
18 *through (o) of the Comprehensive Drug Abuse Prevention*
19 *and Control Act of 1970 (21 U.S.C. 853 (c) and (e)–(o))*
20 *shall apply to property subject to forfeiture under this section,*
21 *to any seizure or disposition thereof, and to any administra-*
22 *tive or judicial proceeding in relation thereto, if not inconsis-*
23 *ent with this section.”.*

1 (b) *The chapter analysis of part I of title 18, United*
 2 *States Code, is amended by inserting after the item for chap-*
 3 *ter 45 the following:*

“46. Forfeiture..... 981”.

4 ***TITLE V—FARMERS AND RANCHERS***
 5 ***DISASTER ASSISTANCE***

6 ***SEC. 501. EMERGENCY DISASTER ASSISTANCE.***

7 (a) *Notwithstanding any other provision of law, the*
 8 *President and the Secretary of Agriculture shall make emer-*
 9 *gency disaster assistance available, as provided in this title,*
 10 *to farmers and ranchers in drought disaster areas.*

11 ***SEC. 502. DEFINITIONS.***

12 *For the purposes of this title—*

13 (1) *the term “drought disaster areas” includes*
 14 *any area in the United States in which farming and*
 15 *ranching operations have been adversely affected by a*
 16 *drought or excessively hot weather disaster such that*
 17 *assistance is available in the area under subtitle C of*
 18 *the Consolidated Farm and Rural Development Act for*
 19 *such disaster; and*

20 (2) *the term “livestock” includes all classes of*
 21 *beef and dairy cattle, sheep, goats, and swine.*

22 ***SEC. 503. EMERGENCY FEED DONATIONS.***

23 *Notwithstanding any other provision of law:*

24 (a) *The Secretary of Agriculture shall make*
 25 *available to farmers and ranchers in each drought dis-*

1 *aster area, at no cost, surplus stocks of commodities*
2 *held by the Commodity Credit Corporation (in the*
3 *area or in the State in which the area is located or an*
4 *adjoining State), for the purpose of, and under the con-*
5 *ditions set out in, subsection (b) of this section.*

6 *(b)(1) The Secretary shall make such commodities*
7 *available, in any drought disaster area in which the*
8 *Secretary determines there is a critical need for live-*
9 *stock or poultry feed, in amounts necessary to preserve*
10 *livestock herds and poultry flocks in the area. For pur-*
11 *poses of this section, the phrase "critical need for live-*
12 *stock or poultry feed" means that (A) the total supply*
13 *of feed grains and forage available to livestock and*
14 *poultry producers in the area involved is insufficient to*
15 *cover the combined feed needs of such producers for*
16 *more than seventy-two hours or such other period, de-*
17 *termined by the Secretary, reasonably needed for sup-*
18 *plies of feed to arrive in the area for commercial use*
19 *from feed surplus areas, whichever is a longer period;*
20 *and (B) as a result of such deficient supply levels, it*
21 *reasonably can be expected that, without the assistance*
22 *made available under this section, farmers and ranch-*
23 *ers in the area will suffer significant losses of livestock*
24 *or poultry due to mortality.*

1 (2) *Subject to section 8(b), the Secretary shall*
2 *cover any costs involved in transporting such surplus*
3 *commodities to the drought disaster area, using the*
4 *funds, facilities, and authorities of the Commodity*
5 *Credit Corporation for such purposes.*

6 (3) *The Secretary shall continue to make com-*
7 *modities available under this section until there no*
8 *longer is a critical need for livestock or poultry feed, as*
9 *determined by the Secretary.*

10 (4) *In determining the feed needs of producers in*
11 *an area and the amount of commodities to be made*
12 *available in the area under this section, the Secretary*
13 *shall use the regulations issued under section 1105 of*
14 *the Food and Agriculture Act of 1977 (7 C.F.R.*
15 *1475.52(n) and 1475.55(f)(1)) and comparable rules*
16 *for poultry.*

17 (5) *Donations under this section shall be made*
18 *available during the period beginning three days after*
19 *the date of enactment of this Act and ending March 31,*
20 *1987, or the date, as determined by the Secretary, on*
21 *which the emergency created by the drought, or ex-*
22 *cessively hot weather no longer exists, whichever is*
23 *earlier.*

24 **SEC. 504. EMERGENCY LIVESTOCK FEED ASSISTANCE.**

25 (a) *Notwithstanding any other provision of law:*

1 (1) *The Secretary of Agriculture shall make*
2 *emergency livestock and poultry feed assistance under*
3 *section 1105 of the Food and Agriculture Act of 1977*
4 *to farmers and ranchers in drought disaster areas. Re-*
5 *imbursement for purchased feed provided to such farm-*
6 *ers and ranchers under section 1105 shall be made in*
7 *kind, as provided in section 508(a) of this Act, using*
8 *surplus stocks of commodities held by the Commodity*
9 *Credit Corporation. Whenever, under any export de-*
10 *velopment program conducted by the Secretary of Agri-*
11 *culture, a feed grain or other commodity used for*
12 *animal feed is made available to foreign purchasers at*
13 *prices less than the average domestic market price for*
14 *the commodity, as determined by the Secretary, reim-*
15 *bursement under this paragraph for purchases of such*
16 *commodity shall be made at a level in excess of 50 per-*
17 *cent of the cost of the purchased commodity if neces-*
18 *sary to ensure that the net cost to the producer for such*
19 *commodity (taking into account the reimbursement*
20 *under this paragraph) is not in excess of the average*
21 *price at which the commodity is made available to*
22 *foreign purchasers under such export development*
23 *program.*

24 (2) *The Secretary of Agriculture shall permit any*
25 *producer of the 1986 crop of wheat, feed grains, upland*

1 cotton, or rice (A) who is participating in the program
2 under the Agricultural Act of 1949 for such crop, and
3 (B) whose farm is located in a drought disaster area,
4 to devote acreage on the farm diverted from the produc-
5 tion of the crop under such program to hay or grazing
6 without regard to limitations on when haying or graz-
7 ing may take place otherwise imposed under the Agri-
8 cultural Act of 1949.

9 (3)(A) In carrying out any emergency assistance
10 program, for farmers and ranchers in a drought disas-
11 ter area under the Disaster Relief Act of 1974, subject
12 to subparagraph (B), the President shall direct the
13 Secretary of Agriculture to implement an emergency
14 hay program to assist such farmers and ranchers in
15 obtaining hay to feed their livestock. Under such pro-
16 gram, the Secretary, subject to section 508(b), shall
17 pay 80 percent of the cost of transporting hay from
18 areas in which hay is in plentiful supply to the area in
19 which the farmers and ranchers are located.

20 (B) The President shall take the action required
21 under subparagraph (A) only if the Secretary of Agri-
22 culture reports to the President that—

23 (i) as a result of the drought or excessively
24 hot weather, the amount of hay readily available
25 to such farmers and ranchers at reasonable prices

1 to feed their livestock is substantially below the
2 amount normally available; and

3 (ii) the assistance to be made available under
4 paragraph (1) and haying or grazing permitted
5 under paragraph (2) together will be insufficient
6 to prevent substantial losses of livestock or liqui-
7 dation of herds by such farmers and ranchers in
8 such area.

9 (C) The Secretary of Agriculture shall determine
10 whether the conditions described in clauses (i) and (ii)
11 of subparagraph (B) exist for each drought disaster
12 area, and if such conditions exist so report to the
13 President, within thirty days after the date of enact-
14 ment of this Act and after reasonable intervals of time
15 thereafter.

16 (D) Prior to making any determination under
17 subparagraph (B), the Secretary of Agriculture shall
18 consult with the Governor and the Secretary of Agri-
19 culture (or comparable official) of the State involved,
20 and give due consideration to the views of such
21 persons.

22 (4) Paragraphs (1) and (3) shall become effective
23 fifteen days after the date of enactment; and assist-
24 ance under such subsections shall be available until
25 March 30, 1987, or the date, as determined by the

1 *Secretary of Agriculture, on which the emergency*
 2 *created by the drought or excessively hot weather no*
 3 *longer exists, whichever is earlier.*

4 *(b) Effective October 1, 1986, section 1105 of the Food*
 5 *and Agriculture Act of 1977 (7 U.S.C. 2267) is amended by*
 6 *adding at the end thereof the following:*

7 *“(h) If—*

8 *“(1) The Secretary of Agriculture makes emer-*
 9 *gency livestock or poultry feed assistance available to*
 10 *producers in a county under section 407 of the Agri-*
 11 *cultural Act of 1949, or comparable law; but*

12 *“(2) surplus commodities of adequate nutritive*
 13 *value are not made available under such program for*
 14 *distribution to such producers within ten days after the*
 15 *announcement of the program for such county,*
 16 *the Secretary shall make assistance available to such produc-*
 17 *ers under this section until such time as surplus*
 18 *commodities are made available under the announced*
 19 *program.”.*

20 **SEC. 505. DISASTER PAYMENT PROGRAM.**

21 *Notwithstanding any other provision of law:*

22 *(a) The Secretary of Agriculture shall make dis-*
 23 *aster payments available, at the request of the produc-*
 24 *er, on the 1986 crops of wheat, feed grains, upland*
 25 *cotton, rice, and soybeans and peanuts under sections*

1 107D(c)(2)(D), 105C(c)(2)(D), 103A(c)(2)(D),
 2 101A(c)(2)(D), and 201(k) of the Agricultural Act of
 3 1949, respectively, to producers located in drought dis-
 4 aster areas.

5 (b) For the purposes of this section, the conditions
 6 set out in sections 107D(c)(2)(D)(i), 105C(c)(2)(D)(i),
 7 103A(c)(2)(D)(i), and 101A(c)(2)(D)(i) of the Agricul-
 8 tural Act of 1949 shall be considered as having been
 9 met.

10 (c) Payments under this section shall be made in
 11 kind, as provided in section 508(a) of this Act, using
 12 surplus stocks held by the Commodity Credit Corpora-
 13 tion.

14 (d) The total amount of in kind payments that a
 15 producer shall be entitled to receive for the producer's
 16 crops of wheat, feed grains, upland cotton, rice, pea-
 17 nuts, and soybeans under this section shall not exceed
 18 an amount of commodities of a combined value of more
 19 than \$100,000.

20 **SEC. 506. MILK PROGRAM PRODUCER ASSESSMENTS.**

21 Notwithstanding any other provision of law:

22 (a)(1) At the option of the producer, no reductions
 23 in the price received by producers for milk marketed
 24 for commercial use under section 201(d)(2)(A) of the
 25 Agricultural Act of 1949 shall be made on milk pro-

1 *duced by producers in drought disaster areas and mar-*
2 *keted for commercial use during the period beginning*
3 *October 1, 1986, and ending December 31, 1986.*

4 (2) *The reductions in the price of milk required*
5 *under section 10 of the Food Security Improvements*
6 *Act of 1987 shall not be increased as a result of the*
7 *implementation of the temporary prohibition on reduc-*
8 *tion in the price of milk provided for under paragraph*
9 *(1).*

10 (b) *The Secretary of Agriculture shall increase*
11 *the amount of the reduction in the price received by*
12 *producers in drought disaster areas for milk produced*
13 *and marketed by such producers for commercial use*
14 *under section 201(d)(2)(A) of the Agricultural Act of*
15 *1949 during the period beginning January 1, 1987,*
16 *and ending September 30, 1987, by an amount that*
17 *will ensure that, to the extent practicable, the aggregate*
18 *amount of reductions applicable to milk of such pro-*
19 *ducers for the period beginning October 1, 1986, and*
20 *ending September 30, 1987, will be the same aggregate*
21 *amount of reductions that would have been made if the*
22 *prohibition on reductions under subsection (a) had not*
23 *been in force.*

1 **SEC. 507. COST-SHARING FOR SOIL CONSERVATION MEASURES**
2 **AND TIMBER STAND RESEEDING EXPENSES.**

3 *Notwithstanding any other provision of law:*

4 (a) *The Secretary of Agriculture shall make*
5 *available—*

6 (1) *cost-share payments under the agricultur-*
7 *al conservation program to producers in drought*
8 *disaster areas for conservation measures designed*
9 *to prevent anticipated soil erosion due to loss of*
10 *vegetative cover; and*

11 (2) *cost-share payments under the forestry*
12 *incentives program to forest landowners in*
13 *drought disaster areas for the reestablishment of*
14 *stands of pine trees lost to drought conditions.*

15 (b) *The Secretary shall share not less than 50*
16 *percent of the cost of such measures or reestablishment*
17 *of timber stands; and such cost-share payments shall be*
18 *made in kind, as provided in section 508(a) of this*
19 *title, using surplus stocks of commodities held by the*
20 *Commodity Credit Corporation.*

21 (c) *Payments made under this section shall be in*
22 *addition to, and not in lieu of, payments made under*
23 *the Soil Conservation and Domestic Allotment Act or*
24 *the Cooperative Forestry Assistance Act of 1978 using*
25 *funds appropriated for such purposes.*

1 (d) Assistance under this section shall be made
2 available to persons in drought disaster areas during
3 the period beginning fifteen days after the date of en-
4 actment of this Act and ending March 30, 1987.

5 **SEC. 508. PAYMENTS.**

6 Notwithstanding any other provision of law:

7 (a)(1) In making in-kind payments under section
8 504(a)(1), 505, or 507, or subsection (b) of this sec-
9 tion, the Secretary of Agriculture may—

10 (A) acquire and use commodities that have
11 been pledged to the Commodity Credit Corpora-
12 tion as security for price support loans under the
13 Agricultural Act of 1949, including loans made to
14 producers under section 110 of such Act; and

15 (B) use other commodities owned by the
16 Commodity Credit Corporation.

17 (2) The Secretary may make in-kind payments
18 by—

19 (A) if requested by the producer, delivery of
20 the commodity to the producer at a warehouse or
21 other similar facility, as determined by the Secre-
22 tary; or

23 (B)(i) the transfer of negotiable warehouse
24 receipts;

1 (ii) the issuance of negotiable certificates that
2 the Commodity Credit Corporation shall redeem
3 for a commodity in accordance with regulations
4 prescribed by the Secretary; or

5 (iii) such other methods as the Secretary de-
6 termines appropriate to enable the producer to re-
7 ceive payments in an efficient, equitable, and ex-
8 peditious manner so as to ensure that the producer
9 receives the same total return as if the payments
10 had been made in cash.

11 (3) In carrying out this subsection, the Secretary,
12 to the maximum extent practicable, shall use Commod-
13 ity Credit Corporation commodities stored in storage
14 deficient areas such as the midwestern United States.

15 (b) Transportation cost payments made under sec-
16 tion 503(b)(2) or 504(a)(3) of this title prior to Octo-
17 ber 1, 1986, shall be made in kind, as provided in sub-
18 section (a), using surplus stocks of commodities held by
19 the Commodity Credit Corporation. Such payments
20 made after September 30, 1986, may be made in kind
21 or in cash. The Secretary of Agriculture shall assist
22 recipients of in-kind payments in marketing warehouse
23 receipts, certificates, or other documents representing
24 such in-kind payments.

1 **SEC. 509. CREDIT FORBEARANCE.**

2 *It is the sense of Congress that, with respect to farm*
3 *borrowers who are adversely affected by drought disaster con-*
4 *ditions in 1986—*

5 *(1) the Secretary of Agriculture should exercise*
6 *the authority provided under section 331A of the Con-*
7 *solidated Farm and Rural Development Act and in-*
8 *struct the Farmers Home Administration to defer loan*
9 *repayments and forgo foreclosures in cases where such*
10 *farm borrowers are unable to make loan payments in*
11 *full due to no fault of their own; and*

12 *(2) the lending institutions of the Farm Credit*
13 *System and commercial lending institutions are en-*
14 *couraged, insofar as practicable, to adopt lenient lend-*
15 *ing, forbearance, and foreclosure policies, and to the*
16 *maximum extent possible participate and cooperate*
17 *with Federal and State lenders in assistance programs,*
18 *with respect to such borrowers who are under financial*
19 *stress due to no fault of their own.*

20 **SEC. 510. COORDINATION OF ASSISTANCE EFFORTS.**

21 *It is the sense of Congress that, with respect to the pro-*
22 *vision of Federal assistance to farmers and ranchers in*
23 *drought disaster areas, the Secretary of Agriculture should*
24 *take steps immediately to—*

25 *(1) establish an overall coordinating mechanism*
26 *within the Department of Agriculture to ensure that the*

1 *assistance provided by each agency within the execu-*
 2 *tive branch is coordinated with, and complements, the*
 3 *assistance provided by other agencies;*

4 (2) *ensure that government and voluntary agen-*
 5 *cies, and the farmers and ranchers, in each drought*
 6 *disaster area are provided a single contact person or*
 7 *unit for Federal assistance, and that a similar such*
 8 *Federal contact person or unit is provided for govern-*
 9 *ment and voluntary agencies, farmers and ranchers,*
 10 *and other persons outside drought disaster areas who*
 11 *wish to contribute additional assistance to drought dis-*
 12 *aster areas; and*

13 (3) *consult with the Governors, Secretaries of Ag-*
 14 *riculture (or comparable officials), and the State disas-*
 15 *ter relief agency in each State in which a drought dis-*
 16 *aster area is located, on the disaster assistance needs of*
 17 *farmers and ranchers located in the State.*

18 **SEC. 511. ASSISTANCE UNDER DISASTER RELIEF ACT.**

19 *Title IV of the Disaster Relief Act of 1974 (42 U.S.C.*
 20 *5121 et seq.) is amended by adding at the end the following*
 21 *new section:*

22 **"FEDERAL SHARE OF ASSISTANCE**

23 **"SEC. 420. (a)(1) The Federal share of assistance**
 24 **under section 402 or 403 of this Act—**

25 **"(A) shall be at least 75 percent of the actual cost**
 26 **of providing assistance under such section, and**

“(B) shall be made only on condition that the remaining portion of such cost is paid from funds made available by a State or local government.

“(2) Where a State or local government is unable immediately to pay its share the President is authorized to advance to such government such 25 percent share, and any such advance shall be repaid to the United States.

“(b) The Federal share of assistance under sections 404, 407, and 413 shall be equal to 100 percent of the actual cost of providing assistance under such sections.

“(c) No State shall be ruled ineligible to receive assistance under subsections (a) and (b) of this section by virtue of an arithmetic formula based on income or population if such State has qualified for Federal disaster assistance within the past twenty-four months.”.

TITLE VI—MISCELLANEOUS PROVISIONS

SEC. 601. ADVANCE DEFICIENCY PAYMENTS.

Notwithstanding any other provision of law, the Secretary of Agriculture shall, in accordance with the criteria in section 107C of the Agriculture Act of 1949, make advance deficiency payments available for the 1987 crops of wheat, feed grains, upland cotton, and rice: Provided, That the percentage of the projected payment rate used in computing such payments shall not be less than (1) 40 percent in the case of

1 *wheat and feed grains, or (2) 30 percent in the case of rice*
2 *and upland cotton.*

3 **SEC. 602. AIR TRANSPORTATION SYSTEM SAFETY.**

4 (a) *The Congress finds that—*

5 (1) *safe and efficient air transportation is essen-*
6 *tial to the flow of interstate commerce in this Nation;*

7 (2) *airline traffic is estimated to increase to a*
8 *record 400,000,000 passengers aboard United States*
9 *commercial aircraft in 1986 and the number of aircraft*
10 *operations is projected by the Federal Aviation Admin-*
11 *istration to increase by 46 percent through the coming*
12 *decade;*

13 (3) *recent studies by the National Transportation*
14 *Safety Board and the General Accounting Office have*
15 *indicated serious concerns with the Federal Aviation*
16 *Administration's safety-related air traffic control and*
17 *aircraft inspection and surveillance programs, particu-*
18 *larly with respect to the need for additional trained*
19 *and experienced personnel;*

20 (4) *the effect of air traffic controller staffing short-*
21 *ages, increased numbers of aircraft operations, and*
22 *delays in the installation of automated systems has*
23 *been a reduction in aviation safety, as evidenced by a*
24 *record number of near-misses between aircraft, includ-*
25 *ing fourteen near-misses recorded thus far this year at*

1 *Chicago O'Hare Airport, the Nation's busiest airport;*
2 *and*

3 *(5) the growth of the United States commercial*
4 *airline industry since deregulation and the inability of*
5 *the Federal Aviation Administration to impose and en-*
6 *force compliance of airline industry standards for oper-*
7 *ations and maintenance have further diminished the*
8 *margin of aviation safety.*

9 *(b) It is therefore declared to be the sense of the Con-*
10 *gress that the Secretary of Transportation—*

11 *(1) should undertake immediate action to ensure*
12 *the safety of the Nation's air transportation system by*
13 *increasing the number of qualified air traffic control-*
14 *lers and supervisors to a minimum level of sixteen*
15 *thousand two hundred and fifty, consistent with the*
16 *number employed prior to 1981;*

17 *(2) should undertake immediate action to ensure*
18 *the safe operation of aircraft by expanding further the*
19 *Federal Aviation Administration's workforce for in-*
20 *spection and enforcement of aircraft operations, main-*
21 *tenance and reporting procedures;*

22 *(3) should consider, if necessary, restricting air*
23 *traffic under the control of the Federal Aviation Ad-*
24 *ministration at certain airports, or limiting the certifi-*

1 *cation of new airlines, if such actions would improve*
 2 *aviation safety; and*

3 *(4) shall report to the Congress within ninety*
 4 *days after the date on which this joint resolution is en-*
 5 *acted regarding what action will be undertaken to*
 6 *achieve increased air traffic safety staffing levels, the*
 7 *proposed timeframe for completing such actions, and*
 8 *any required additional funding which the Secretary*
 9 *considers necessary to carry out such action.*

10 ***SEC. 603. REPEAL OF THE WINDFALL PROFIT TAX.***

11 *(a) IN GENERAL.—Chapter 45 of the Internal Revenue*
 12 *Code of 1954 (relating to windfall profit tax on domestic*
 13 *crude oil) is hereby repealed.*

14 *(b) EFFECTIVE DATE.—The repeal made by subsection*
 15 *(a) shall apply to oil removed from the premises after*
 16 *October 1, 1987.*

17 *(c) Provided further, That reports or filings required*
 18 *under chapter 45 of the Internal Revenue Code of 1954 relat-*
 19 *ing to Windfall Profit Tax on domestic crude oil for oil re-*
 20 *moved from the premises after the date of enactment shall not*
 21 *be required as provided in the Act from and after the date of*
 22 *enactment of this Act unless and until the wellhead price of*
 23 *domestic crude oil reaches or exceeds the tier one base price*
 24 *as defined in the Crude Oil Windfall Profit Tax Act of*
 25 *1980.*

1 **SEC. 604. POINT OF ORDER.**

2 (a) *IN GENERAL.*—Section 310(f) of the Congressional
3 Budget Act of 1974 is amended by adding at the end thereof
4 the following new paragraph:

5 “(3) It shall not be in order in either the House
6 of Representatives or the Senate to consider any reso-
7 lution providing for the adjournment sine die of either
8 House unless action has been completed on the concur-
9 rent resolution on the budget required to be reported
10 under section 301(a) for the fiscal year beginning on
11 October 1 of such year, and, if a reconciliation bill or
12 resolution, or both, is required to be reported under
13 subsection (b) of this section for such fiscal year,
14 unless the Congress has completed action on that bill
15 or resolution, or both.”.

16 (b) *EFFECTIVE DATE.*—The amendment made by sub-
17 section (a) shall take effect on the date of the enactment of
18 this joint resolution.

19 **SEC. 605. REMOVAL OF THREE PERCENT THRESHOLD FOR**
20 **COST-OF-LIVING ADJUSTMENTS.**

21 (a) *SHORT TITLE.*—This section may be cited as the
22 “Cost-of-Living Adjustment Reform Act of 1986”.

23 (b) *IN GENERAL.*—

24 (1) Section 215(i) of the Social Security Act is
25 amended by striking out “is 3 percent or more” in

1 *paragraph (1)(B) and inserting in lieu thereof “is*
2 *greater than zero”.*

3 *(2) Section 215(i)(1)(B) of such Act, as in effect*
4 *in December 1978 and applied in certain cases under*
5 *the provisions of such Act as in effect after December*
6 *1978, is amended by striking out “exceeds, by not less*
7 *than 3 per centum, such Index” and inserting in lieu*
8 *thereof “exceeds such Index”.*

9 *(3) Section 215(i)(2)(C) of such Act is*
10 *amended—*

11 *(A) by striking out clause (i) and redesignat-*
12 *ing clauses (ii) and (iii) as clauses (i) and (ii),*
13 *respectively; and*

14 *(B) by striking out “under clause (ii)” in*
15 *clause (ii) as so redesignated and inserting in lieu*
16 *thereof “under clause (i)”.*

17 *(4) Section 215(i)(2)(C) of such Act, as in effect*
18 *in December 1978 and applied in certain cases under*
19 *the provisions of such Act as in effect after December*
20 *1978, is amended by striking out clause (i) and by*
21 *striking out “(ii)”.*

22 *(5) Section 215(i)(4) of such Act is amended by*
23 *inserting “and by the Cost-of-Living Adjustment*
24 *Reform Act of 1986” after “Social Security Amend-*
25 *ments of 1983”.*

(6) Section 215(i)(5)(A)(i) of such Act is amended by striking out “because the wage percentage increase was less than 3 percent” and inserting in lieu thereof “because there was no wage percentage increase greater than zero”.

(c) *EFFECTIVE DATE.*—

(1) Except as otherwise provided in this subsection, the amendments made by this section shall apply with respect to cost-of-living increases determined in 1986 and all subsequent years.

(2) The amendments made by paragraphs (3) and (4) of subsection (b) shall apply with respect to months beginning after September 1986.

SEC. 606. INDIAN FISHING RIGHTS.

(a) Notwithstanding any other provision of law—

(1) income derived by an Indian from fishing, whether for commercial or subsistence purposes, shall not be subject to, or taken into account in determining, any income tax imposed by the Internal Revenue Code of 1954, by any other provision of Federal law, or by any law of a State or political subdivision of a State, and

(2) any activities conducted by any Indian in connection with fishing shall not be subject to any tax imposed by the Internal Revenue Code of 1954, by

1 *any other Federal law, or by any law of a State or*
 2 *political subdivision of a State,*
 3 *if the rights of such Indian to fish are provided for, or se-*
 4 *cured by, any treaty or other provision of Federal law, re-*
 5 *gardless of whether such rights are limited to subsistence or*
 6 *commercial fishing.*

7 *(b) The provisions of subsection (a) shall apply notwith-*
 8 *standing any other provision of Federal law that may be en-*
 9 *acted on or after the date of enactment of this Act, unless*
 10 *such subsequent provision of Federal law specifically cites*
 11 *this section.*

12 **SEC. 607. FOOD BANK SPECIAL NUTRITION PROJECTS.**

13 *The first sentence of section 211(d) of the Agricultural*
 14 *Act of 1980 (7 U.S.C. 4004(d)) is amended by striking out*
 15 *“a progress report on July 1, 1983, and a final report on*
 16 *January 1, 1984,” and inserting in lieu thereof “an annual*
 17 *report”.*

18 **SEC. 608. CONTRIBUTIONS OF AGRICULTURAL PROPERTY FOR**
 19 **VICTIMS OF NATURAL DISASTERS.**

20 *(a) IN GENERAL.—Subsection (e) of section 170 of the*
 21 *Internal Revenue Code of 1954 (relating to contributions of*
 22 *ordinary income and capital gain property) is amended by*
 23 *adding at the end thereof the following new paragraph:*

1 “(6) SPECIAL RULE FOR CONTRIBUTIONS OF
2 AGRICULTURAL PRODUCTS FOR VICTIMS OF NATU-
3 RAL DISASTERS.—

4 “(A) IN GENERAL.—For purposes of this para-
5 graph, a qualified contribution means a charitable
6 contribution of an agricultural product by a tax-
7 payer who produced such agricultural product, if
8 such taxpayer is actively and regularly engaged
9 in the trade or business of farming, but only if—

10 “(i) the donee is a State, political sub-
11 division of a State, or an agency of such
12 State or political subdivision,

13 “(ii) the agricultural product is to be
14 used by the donee within the 3-month period
15 beginning on the date on which such contri-
16 bution is made for the care of individuals
17 who have been adversely affected by a
18 drought, flood, or other major natural disas-
19 ter that occurred during the 6-month period
20 ending on such date,

21 “(iii) the agricultural product is not
22 transferred by the donee in exchange for
23 money, other property, or services,

24 “(iv) the taxpayer receives from the
25 donee a written statement certifying that the

1 donee's use and disposition of the agricultur-
2 al product will be in accordance with the
3 provisions of clauses (ii) and (iii), and

4 “(v) in the case in which the agricultur-
5 al product is subject to regulation under the
6 Federal Food, Drug, and Cosmetic Act, such
7 product fully satisfies the applicable require-
8 ments of such Act and regulations promul-
9 gated thereunder for 180 days before the date
10 of contribution.

11 “(B) AMOUNT OF DEDUCTION.—Notwith-
12 standing any other provision of this subsection,
13 the amount allowable as a deduction under sub-
14 section (a) for any qualified contribution (as de-
15 fined in subparagraph (A)) shall be an amount
16 equal to the wholesale market value of the agricul-
17 tural product reduced by the amount of any costs
18 or expenses incurred in the production of such
19 product and for which a deduction has been taken
20 by the taxpayer.

21 “(C) DEFINITIONS.—For purposes of this
22 paragraph—

23 “(i) FAIR MARKET VALUE.—The term
24 ‘fair market value’ means, with respect to
25 any agricultural product, the lowest whole-

1 *sale market price for such product in the re-*
 2 *gional market nearest the taxpayer during*
 3 *the month in which the contribution is made.*

4 “(ii) *AGRICULTURAL PRODUCT.*—*The*
 5 *term ‘agricultural product’ means any hay,*
 6 *feed, crop, livestock, poultry, or product*
 7 *thereof, which is not subject to any excise*
 8 *tax imposed under chapters 51 and 52.’”.*

9 (b) *EFFECTIVE DATE.*—*The amendments made by this*
 10 *section shall apply with respect to contributions made after*
 11 *June 30, 1986, in taxable years ending after June 30, 1986.*

12 ***SEC. 609. DENIAL OF CERTAIN TAX BENEFITS WITH RESPECT***
 13 ***TO ACTIVITIES IN CERTAIN FOREIGN COUN-***
 14 ***TRIES.***

15 (a) *DENIAL OF FOREIGN TAX CREDIT.*—*Section 901*
 16 *(relating to taxes of foreign countries and of possessions of*
 17 *the United States) is amended by redesignating subsection*
 18 *(i) as subsection (j) and by inserting after subsection (h) the*
 19 *following new subsection:*

20 “(i) *DENIAL OF FOREIGN TAX CREDIT, ETC. WITH*
 21 *RESPECT TO CERTAIN FOREIGN COUNTRIES.*—

22 “(1) *IN GENERAL.*—*Notwithstanding any other*
 23 *provision of this part—*

24 “(A) *no credit shall be allowed under subsec-*
 25 *tion (a) for any income, war profits, or excess*

1 *profits taxes paid or accrued (or deemed paid*
 2 *under section 902 or 960) during the taxable year*
 3 *to any country to which this subsection applies,*
 4 *and*

5 *“(B) subsections (a), (b), and (c) of section*
 6 *904 and sections 902 and 960 shall be applied*
 7 *separately with respect to income for such tax-*
 8 *able year from sources within any country so*
 9 *identified.*

10 *“(2) COUNTRIES TO WHICH SUBSECTION*
 11 *APPLIES.—*

12 *“(A) IN GENERAL.—This subsection shall*
 13 *apply to any foreign country—*

14 *“(i) the government of which the United*
 15 *States does not recognize, unless such gov-*
 16 *ernment is otherwise eligible to purchase de-*
 17 *fense articles or services under the Arms*
 18 *Export Control Act,*

19 *“(ii) with respect to which the United*
 20 *States has severed diplomatic relations,*

21 *“(iii) with respect to which the United*
 22 *States has not severed diplomatic relations*
 23 *but does not conduct such relations, or*

24 *“(iv) which the Secretary of State has,*
 25 *pursuant to section 6(j) of the Export Ad-*

1 *ministration Act of 1979, as amended, design-*
 2 *ated as a foreign country which repeatedly*
 3 *provides support for acts of international*
 4 *terrorisms.*

5 *“(B) PERIOD FOR WHICH SUBSECTION AP-*
 6 *PLIES.—This subsection shall apply to any for-*
 7 *ign country described in subparagraph (A)*
 8 *during the period—*

9 *“(i) beginning on the later of—*

10 *“(I) January 1, 1987, or*

11 *“(II) 6 months after such country*
 12 *becomes a country described in subpara-*
 13 *graph (A), and*

14 *“(ii) ending on the date the Secretary*
 15 *of State certifies to the Secretary of the*
 16 *Treasury that such country is no longer de-*
 17 *scribed in subparagraph (A).*

18 *“(3) PART-YEAR RULE.—If this subsection ap-*
 19 *plies to any foreign country for any period less than*
 20 *an entire taxable year, paragraph (1) shall be applied*
 21 *by taking into account only that proportion of the taxes*
 22 *and income described in paragraph (1) for the taxable*
 23 *year as the portion of the taxable year which includes*
 24 *such period bears to the entire taxable year.”.*

25 *(b) DENIAL OF DEFERRAL OF INCOME.—*

1 (1) *GENERAL RULE.*—Section 952(a) (defining
2 subpart F income) is amended by striking out “and”
3 at the end of paragraph (3), by striking out the period
4 at the end of paragraph (4) and inserting in lieu there-
5 of “, and”, and by inserting immediately after para-
6 graph (4) the following new paragraph:

7 “(5) the income of such corporation derived from
8 any foreign country during any period during which
9 section 904(i) applies to such foreign country.”.

10 (2) *INCOME DERIVED FROM FOREIGN COUN-*
11 *TRY.*—Section 952 (defining subpart F income) is
12 amended by adding at the end thereof the following
13 new subsection:

14 “(e) *INCOME DERIVED FROM FOREIGN COUNTRY.*—
15 The Secretary shall prescribe such regulations as may be
16 necessary or appropriate to carry out the purposes of subsec-
17 tion (a)(5), including regulations which treat income paid
18 through 1 or more entities as derived from a foreign country
19 to which section 904(i) applies if such income was, without
20 regard to such entities, derived from such country.”.

21 (c) *EFFECTIVE DATE.*—The amendments made by this
22 section shall take effect on January 1, 1987.

1 **SEC. 610. DISAPPROVAL OF ACTION OF THE DISTRICT OF CO-**
 2 **LUMBIA COUNCIL.**

3 *The Congress disapproves of the action of the District of*
 4 *Columbia Council described as follows: The Prohibition of*
 5 *Discrimination in the Provision of Insurance Act of 1986*
 6 *(D.C. Law 6-170); and, notwithstanding any other provi-*
 7 *sion of law, D.C. Law 6-170 shall be null and void effective*
 8 *from June 6, 1986.*

9 **SEC. 611. MODIFICATION OF SCHEDULE UNDER "FALLBACK"**
 10 **PROCEDURE.**

11 **(a) IN GENERAL.—**

12 *(1) Section 274 of the Balanced Budget and*
 13 *Emergency Deficit Control Act (2 U.S.C. 922) is*
 14 *amended by striking subsection (f) and redesignating*
 15 *subsections (g) and (h) as subsections (f) and (g),*
 16 *respectively.*

17 *(2) Part E of the Balanced Budget and Emergen-*
 18 *cy Deficit Control Act is amended by redesignating*
 19 *section 275 as section 276 and inserting after section*
 20 *274 the following new section:*

21 **"SEC. 275. ALTERNATIVE SEQUESTRATION PROCEDURES.**

22 **"(a) REPORTS TO JOINT COMMITTEE.—***In the event*
 23 *that any of the reporting procedures described in section 251*
 24 *are invalidated, then any report of the Comptroller General*
 25 *under subsection (b) or (c)(2) of section 251 shall be trans-*
 26 *mitted to the Speaker of the House of Representatives (in this*

1 section referred to as the 'Speaker') and the President of the
 2 Senate, who shall refer the report to the Temporary Joint
 3 Committee on Deficit Reduction in accordance with subsec-
 4 tion (c).

5 “(b) *ESTABLISHMENT OF TEMPORARY JOINT COM-*
 6 *MITTEE.*—

7 “(1) Upon the invalidation of any such procedure,
 8 there is established a Temporary Joint Committee on
 9 Deficit Reduction (in this section referred to as the
 10 ‘Joint Committee’), composed of the entire membership
 11 of the Committees on the Budget of the House of Rep-
 12 resentatives and the Senate. The Chairmen of such
 13 committees shall act as Co-Chairmen of the Joint
 14 Committee.

15 “(2) Actions taken by the Joint Committee shall
 16 be determined by a majority vote of the members repre-
 17 senting each House.

18 “(3) The purposes of the Joint Committee are to
 19 receive any report referred to it pursuant to paragraph
 20 (3) or (7) of subsection (c) and to report (with respect
 21 to each such report) a joint resolution under paragraph
 22 (1) or (2) of subsection (d).

23 “(c) *ALTERNATIVE SCHEDULE.*—Notwithstanding
 24 any other provision of this Act, in the event that the reports of
 25 the Comptroller General for a fiscal year are to be transmit-

1 *ted to the Speaker and the President of the Senate pursuant*
2 *to subsection (a)—*

3 “(1) the Directors shall transmit the report under
4 section 251(a)(2) for such fiscal year to the Comptrol-
5 ler General on August 20 of the calendar year in
6 which the fiscal year begins (as provided in such
7 section),

8 “(2) the Comptroller General shall transmit the
9 report under section 251(b) for such fiscal year to the
10 Speaker and the President of the Senate on August 25
11 of the calendar year in which the fiscal year begins (as
12 provided in such section);

13 “(3) the Speaker and the President of the Senate
14 shall refer the report of the Comptroller General under
15 section 251(b) to the Joint Committee—

16 “(A) on August 25 of the calendar year in
17 which the fiscal year begins, or

18 “(B) if August 25 of such year falls during
19 an adjournment of the Congress for a period of
20 more than three days, on the day after the last
21 day on which either House of the Congress stands
22 adjourned pursuant to the concurrent resolution
23 providing for such adjournment;

24 “(4) the President shall issue an initial order
25 under section 252(a) for the fiscal year after a joint

1 *resolution reported pursuant to subsection (d)(1) be-*
 2 *comes law and before the later of—*

3 *“(A) September 2 of the calendar year in*
 4 *which the fiscal year begins, or*

5 *“(B) two calendar days after the day on*
 6 *which the joint resolution becomes law;*

7 *“(5) the Directors shall transmit the report under*
 8 *section 251(c)(1) for such fiscal year to the Comptrol-*
 9 *ler General on the second calendar day of the fiscal*
 10 *year;*

11 *“(6) the Comptroller General shall transmit the*
 12 *report under section 251(c)(2) for such fiscal year to*
 13 *the Speaker and the President of the Senate on the*
 14 *third calendar day of such fiscal year;*

15 *“(7) the Speaker and the President of the Senate*
 16 *shall refer the report of the Comptroller General under*
 17 *section 251(c)(2) to the Joint Committee on the third*
 18 *calendar day of such fiscal year; and*

19 *“(8) the President shall issue a final order under*
 20 *section 252(b) for the fiscal year within one calendar*
 21 *day after a joint resolution reported pursuant to sub-*
 22 *section (d)(2) becomes law.*

23 *“(d) JOINT RESOLUTION.—*

24 *“(1) Not later than two calendar days after the*
 25 *date on which the Speaker and the President of the*

1 *Senate refer a report of the Comptroller General under*
 2 *section 251(b) to the Joint Committee (pursuant to*
 3 *subsection (c)(3) of this section), the Joint Committee*
 4 *shall report a joint resolution certifying the contents of*
 5 *the report.*

6 “(2) *Not later than one calendar day after the*
 7 *date on which the Speaker and the President of the*
 8 *Senate refer a report of the Comptroller General under*
 9 *section 251(c)(2) to the Joint Committee (pursuant to*
 10 *subsection (c)(7) of this section), the Joint Committee*
 11 *shall report a joint resolution certifying the contents of*
 12 *the report.*

13 “(3)(A) *In the event that any of the reporting pro-*
 14 *cedures described in section 251 are invalidated, the*
 15 *Joint Committee may report a joint resolution affirm-*
 16 *ing as law any order issued by the President under*
 17 *section 252 that was rendered invalid by the invalida-*
 18 *tion of such procedures.*

19 “(B) *Any joint resolution reported pursuant to*
 20 *this paragraph shall provide that—*

21 “(i) *the order is affirmed as of the date on*
 22 *which the order was issued, and*

23 “(ii) *the joint resolution affirming the order*
 24 *does not supersede any laws enacted after the date*

1 on which the order was issued and before the date
2 on which the joint resolution becomes law.

3 “(e) *PROCEDURES FOR CONSIDERATION OF JOINT*
4 *RESOLUTION.—*

5 “(1) *Except as provided in paragraph (2), the*
6 *provisions of section 254(a)(4) shall apply to consider-*
7 *ation of a joint resolution reported pursuant to subsec-*
8 *tion (d).*

9 “(2)(A) *In the case of any joint resolution report-*
10 *ed pursuant to subsection (d), debate in each House of*
11 *the Congress shall be limited to two hours.*

12 “(B)(i) *In the case of a joint resolution reported*
13 *to a House of the Congress pursuant to paragraph (1)*
14 *or (3) of subsection (d), a vote on final passage shall*
15 *be taken by such House on or before the second calen-*
16 *dar day of session after the date on which the joint res-*
17 *olution is reported to that House.*

18 “(ii) *In the case of a joint resolution reported to a*
19 *House of the Congress pursuant to paragraph (2) of*
20 *subsection (d), a vote on final passage shall be taken*
21 *by such House within one calendar day after the date*
22 *on which the joint resolution is reported to that House.*

23 “(f) *DISCHARGE OF JOINT RESOLUTIONS.—Any joint*
24 *resolution of the type described in paragraph (1) or (2) of*
25 *subsection (d) that is introduced in either House of the Con-*

gress shall be referred to the Joint Committee. If the Joint Committee fails to report a joint resolution under such paragraph by the requisite date, any joint resolution referred to the Joint Committee pursuant to the preceding sentence shall be automatically discharged to the House in which it was introduced and shall be placed upon the appropriate calendar.

“(g) *EFFECT OF ENACTMENT OF JOINT RESOLUTION.*—Upon the enactment of a joint resolution under paragraph (1) or (2) of subsection (d), such joint resolution shall be deemed to be the report received by the President under subsection (b) or (c)(2) of section 251 (whichever is applicable).

“(h) *DATES FOR SUBMISSION OF REPORTS AND ISSUANCE OF ORDERS.*—The provisions of section 251(e) shall apply to reports submitted and orders issued in accordance with this section.”.

(3) The table of contents set forth in section 200(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901 note) is amended by striking the item relating to section 275 and inserting in lieu thereof the following new items:

“Sec. 275. Alternative sequestration procedures.

“Sec. 276. Effective dates.”.

(b) *EFFECTIVE DATE.*—The amendments made by this section shall become effective on the date of the enactment of this joint resolution.

1 **SEC. 612. URANIUM ENRICHMENT CRITERIA.**

2 *Pursuant to the provisions of section 161 v. of the*
3 *Atomic Energy Act of 1954, the Congress disapproves the*
4 *uranium enrichment criteria submitted to Congress pursuant*
5 *to such section on July 24, 1986. Notwithstanding any other*
6 *provision of law, the Secretary of the Department of Energy*
7 *shall not implement the uranium enrichment criteria as sub-*
8 *mitted to the Congress.*

9 **SEC. 613. COST-OF-LIVING ADJUSTMENTS IN CERTAIN FEDERAL**
10 **BENEFITS.**

11 (a) *IN GENERAL.*—*Benefits which are payable in cal-*
12 *endar year 1987, 1988, 1989, 1990, or 1991, under pro-*
13 *grams listed in section 257(1)(A) of the Balanced Budget*
14 *and Emergency Deficit Control Act of 1985 (Public Law*
15 *99-177), including any cost-of-living adjustment in such*
16 *benefits, shall not be subject to modification, suspension, or*
17 *reduction in such calendar year pursuant to a Presidential*
18 *order issued under such Act.*

19 (b) *DEFINITION.*—*For purposes of this section, the*
20 *term “cost-of-living adjustment” means any increase or*
21 *change in the amount of a benefit or in standards relating to*
22 *such benefit under any provision of Federal law which re-*
23 *quires such increase or change as a result of any change in*
24 *the Consumer Price Index (or any component thereof) or any*
25 *other index which measures costs, prices, or wages.*

1 **SEC. 614. LIMITATION ON RECOMMENDED INCREASES IN THE**
2 **PUBLIC DEBT LIMIT.**

3 (a) *IN GENERAL.*—Section 1105(c) of title 31, United
4 States Code, is amended—

5 (1) by striking “The President” the first place it
6 appears and inserting in lieu thereof “Notwithstanding
7 any other provision of law, the President”,

8 (2) by inserting “(other than action that would re-
9 quire an increase in the borrowing authority or an in-
10 crease in the limit imposed by section 3101(b) of this
11 title by more than the maximum deficit amount for the
12 fiscal year for which the budget is submitted)” after
13 “action” the first place it appears, and

14 (3) by adding at the end the following new
15 paragraph:

16 “(2) For purposes of this subsection, the term
17 ‘maximum deficit amount’ means with respect to a
18 fiscal year—

19 “(A) the maximum deficit amount deter-
20 mined for that fiscal year under section 3(7) of
21 the Congressional Budget and Impoundment Con-
22 trol Act of 1974, or

23 “(B) in the case of any fiscal year beginning
24 after September 30, 1991, zero.”

1 (b) *APPLICATION.*—*The amendment made by subsec-*
 2 *tion (a) shall apply to fiscal years beginning after Septem-*
 3 *ber 30, 1987.*

4 **SEC. 615. CIVIL SERVICE RETIREMENT AND DISABILITY FUND.**

5 (a) *INVESTMENT AND RESTORATION OF THE*
 6 *FUND.*—*Section 8348 of title 5, United States Code, is*
 7 *amended by adding at the end the following new subsection:*

8 “(j)(1) *Notwithstanding subsection (c) of this section,*
 9 *the Secretary of the Treasury may suspend additional invest-*
 10 *ment of amounts in the Fund if necessary to ensure that the*
 11 *public debt of the United States does not exceed the public*
 12 *debt limit.*

13 “(2) *Any amounts in the Fund which, solely by reason*
 14 *of the public debt limit, are not invested shall be invested by*
 15 *the Secretary of the Treasury as soon as such investments*
 16 *can be made without exceeding the public debt limit.*

17 “(3) *Upon expiration of the debt issuance suspension*
 18 *period, the Secretary of the Treasury shall immediately issue*
 19 *to the Fund obligations under chapter 31 of title 31 that (not-*
 20 *withstanding subsection (d) of this section) bear such interest*
 21 *rates and maturity dates as are necessary to ensure that,*
 22 *after such obligations are issued, the holdings of the Fund*
 23 *will replicate to the maximum extent practicable the obliga-*
 24 *tions that would be held by the Fund if the debt issuance*
 25 *suspension period had not occurred.*

1 “(4) On the first normal interest payment date after the
 2 expiration of any debt issuance suspension period, the Secre-
 3 tary of the Treasury shall pay to the Fund, from amounts in
 4 the general fund of the Treasury of the United States not
 5 otherwise appropriated, an amount determined by the Secre-
 6 tary to be equal to the excess of—

7 “(A) the net amount of interest that would have
 8 been earned by the Fund during such debt issuance
 9 suspension period if—

10 “(i) amounts in the Fund that were not in-
 11 vested during such debt issuance suspension
 12 period solely by reason of the public debt limit
 13 had been invested, and

14 “(ii) redemptions and disinvestments with
 15 respect to the Fund which occurred during such
 16 debt issuance suspension period solely by reason
 17 of the public debt limit had not occurred, over

18 “(B) the net amount of interest actually earned
 19 by the Fund during such debt issuance suspension
 20 period.

21 “(5) For purposes of this subsection and subsections (k)
 22 and (l) of this section—

23 “(A) the term ‘public debt limit’ means the limita-
 24 tion imposed by section 3101(b) of title 31; and

1 “(B) the term ‘debt issuance suspension period’
 2 means any period for which the Secretary of the
 3 Treasury determines that the issuance of obligations of
 4 the United States sufficient to orderly conduct the fi-
 5 nancial operations of the United States may not be
 6 made without exceeding the public debt limit.”.

7 (b) *SALES AND REDEMPTIONS BY THE FUND.*—Sec-
 8 tion 8348 of title 5, United States Code, as amended by
 9 subsection (a), is further amended by adding at the end the
 10 following new subsection:

11 “(k) The Secretary of the Treasury may sell or redeem
 12 securities, obligations, or other invested assets of the Fund
 13 only for the purpose of enabling the Fund to make payments
 14 authorized by the provisions of this subchapter or chapter 84
 15 of this title or related provisions of law. If the Fund holds
 16 any amounts which, by reason of the public debt limit, are
 17 not invested, the Secretary may nevertheless make such sales
 18 and redemptions if, and only to the extent, necessary to
 19 ensure that such payments are made in a timely manner.”.

20 (c) *REPORTS REGARDING THE OPERATION AND*
 21 *STATUS OF THE FUND.*—Section 8348 of title 5, United
 22 States Code, as amended by subsections (a) and (b), is fur-
 23 ther amended by adding at the end the following new
 24 subsection:

1 “(1) *The Secretary of the Treasury shall report to*
2 *Congress on the operation and status of the Fund during*
3 *each debt issuance suspension period for which the Secretary*
4 *is required to take action under paragraph (3) or (4) of sub-*
5 *section (j) of this section. The report shall be submitted as*
6 *soon as possible after the expiration of such period, but not*
7 *later than the date that is 30 days after the first normal in-*
8 *terest payment date occurring after the expiration of such*
9 *period. The Secretary shall concurrently transmit a copy of*
10 *such report to the Comptroller General of the United States.*

11 “(2) *Whenever the Secretary of the Treasury deter-*
12 *mines that, by reason of the public debt limit, the Secretary*
13 *will be unable to fully comply with the requirements of sub-*
14 *section (c) of this section, the Secretary shall immediately*
15 *notify Congress of the determination. The notification shall*
16 *be made in writing.*”

17 **SEC. 616. TRANSPORTING OF HAY.**

18 *Notwithstanding any other provision of law:*

19 (a) *The Secretary of Agriculture shall reimburse*
20 *farmers or ranchers for the cost incurred by such farm-*
21 *ers or ranchers for transporting hay during the period*
22 *July 1, 1985, to June 1, 1986, as a result of a natural*
23 *disaster caused by flood, excessive moisture, or*
24 *drought;*

1 (b) *The Secretary shall reimburse such farmers or*
 2 *ranchers in an amount which does not exceed 80 per-*
 3 *cent of the cost of such transportation (but not to*
 4 *exceed \$50 per ton);*

5 (c) *The Secretary shall carry out the provisions of*
 6 *this through the Commodity Credit Corporation.*

7 **SEC. 617. PROJECTED PAYMENT RATE.**

8 *Section 22(b)(1) of Public Law 99-349 is amended by*
 9 *deleting "40 percent of the projected payment rate" and in-*
 10 *serting in lieu thereof "100 percent of the projected payment*
 11 *rate".*

12 **SEC. 618. DEFER LOAN REPAYMENTS AND FORECLOSURES.**

13 *It is the sense of Congress that with respect to farm and*
 14 *ranch borrowers who were adversely affected by drought dis-*
 15 *aster in 1985 or flood disaster in 1985 and 1986—*

16 (1) *the Secretary of Agriculture should exercise*
 17 *the authority provided under section 331A of the Con-*
 18 *solidated Farm and Rural Development Act and in-*
 19 *struct the Farmers Home Administration to defer loan*
 20 *repayments and forgo foreclosures in cases where such*
 21 *farm and ranch borrowers are unable to make loan*
 22 *payments in full due to no fault of their own; and*

23 (2) *the lending institutions of the Farm Credit*
 24 *System and commercial lending institutions are en-*
 25 *couraged, insofar as practicable, to adopt lenient lend-*

ing, forbearance, and foreclosure policies, and to the maximum extent possible participate and cooperate with Federal and State lenders in assistance programs, with respect to such borrowers who are under financial stress due to no fault of their own.

SEC. 619. SOYBEAN PRICE SUPPORT.

The Senate finds that:

(a) Soybean production and processing are two of the fastest growing sectors in agriculture, with production having increased seven fold over the last thirty years;

(b) Soybeans rank number two in value in the United States for all crops grown, and nearly 50 percent of all soybeans grown in the United States are produced on farms harvesting 50 acres or less;

(c) One-fifth of all United States cropland is planted to soybeans, and soybeans account for over 30 percent of all land in production in Appalachia, over 40 percent in the southeast, and over 50 percent in the delta States;

(d) The United States is the leading exporter of soybeans, exporting over 40 percent of the soybean crop each year, and over 15 percent of the value of all United States agricultural exports is due to the sale of soybeans, oil, and meal;

1 (e) It is widely speculated that the Secretary of
2 Agriculture will announce a new formula price support
3 loan of \$4.77 per bushel for soybeans in August 1986,
4 and that required budget cuts could push actual loan
5 prices lower for 1987 soybeans;

6 (f) Trading of soybeans is currently hovering near
7 the \$5.02 loan rate, USDA soybean acreage figures for
8 1986 were higher than predicted by trade analysts thus
9 putting further pressure on prices, and export sales are
10 slow with foreign buyers anticipating lower soybean
11 prices with the expected lowering of the loan rate;

12 (g) United States soybean stocks are likely to
13 remain near the 1985-1986 record level of 14,000,000
14 metric tons (515,000,000 bushels) and world soybean
15 stocks are forecast to reach a record 23,000,000 metric
16 tons, and the anticipation of continued large supplies
17 led the Secretary to announce a 12-month extension of
18 1985 price support loans in order to encourage contin-
19 ued on-farm storage, thereby relieving pressure on com-
20 mercial storage;

21 (h) Although world soybean exports are forecast to
22 show a slight gain, United States soybean exports are
23 forecast to remain near current levels during 1986-
24 1987, and Brazil and Paraguay are expected to cap-
25 ture the small amount of projected gain;

1 (i) *Although drought conditions affect areas of the*
2 *South, currently less than 5 percent of the United*
3 *States soybean production lies within the drought area,*
4 *and this has no significant impact on prices;*

5 (j) *Soybeans are an important crop grown on*
6 *550,000 farms in the United States, and a drop in*
7 *prices, whether brought on by higher than expected pro-*
8 *duction, level exports sales, a decrease in the loan rate,*
9 *or a combination of these, will have a serious negative*
10 *impact on net farm income;*

11 (k) *In the Food Security Act of 1985, Public*
12 *Law 99-198, under section 801, the Secretary is di-*
13 *rected to establish the price support rate for soybeans at*
14 *\$5.02 per bushel for 1986 and 1987, and the Secre-*
15 *tary, at his discretion, may reduce the support rate no*
16 *more than 5 percent per year nor below \$4.50 per*
17 *bushel in an effort to maintain domestic and export*
18 *sales;*

19 (l) *Under section 801 the Secretary may author-*
20 *ize the use of a marketing loan to assist in the mainte-*
21 *nance of the "competitive relationship of soybeans and*
22 *domestic and export markets . . .";*

23 (m) *Under the authority of the Commodity Credit*
24 *Corporation Charter Act, the Secretary has the author-*
25 *ity to implement for soybeans a so-called producer*

1 *option payment program, under which the Government*
 2 *will pay (in cash or certificate) a producer not to put*
 3 *his soybeans into loan or will pay a producer who has*
 4 *a loan to opt out of the loan; and in either case the*
 5 *producer would sell his soybeans at the world price,*
 6 *therefore, it is the sense of the Senate, That:*

7 *(1) the Secretary of Agriculture should insti-*
 8 *tute a marketing loan program for soybeans as*
 9 *authorized in the 1985 Food Security Act, or a*
 10 *so-called producer option payment program; and*

11 *(2) The Secretary should maintain the for-*
 12 *mula price support loan rate for soybeans at*
 13 *\$5.02 per bushel.*

14 **SEC. 620. SURETY BOND GUARANTEES.**

15 *Section 20(u)(4) of the Small Business Act is amended*
 16 *by striking out "\$1,050,000,000" and inserting in lieu*
 17 *thereof "\$1,200,000,000".*

18 **SEC. 621. WHEAT CROP LOAN LEVELS.**

19 *Section 107D(c)(1)(E)(ii) of the Agricultural Act of*
 20 *1949 is amended by striking out "marketing year for such*
 21 *crop" and inserting in lieu thereof "the first five months of*
 22 *the marketing year for the 1986 crop and the marketing year*
 23 *for each of the 1987 through 1990 crops".*

1 *SEC. 622. DEPARTMENT OF THE TREASURY COSTS OF SOCIAL*
2 *SECURITY SERVICES.*

3 *Subsection (g) of section 201 of the Social Security Act*
4 *(42 U.S.C. 401(g)) is amended—*

5 *(1) in paragraph (1)(A)(ii), by inserting after*
6 *“(ii)” the following:*

7 *“the sum derived by adding (I) the amounts required to be*
8 *expended from the Trust Funds for such three-month period*
9 *pursuant to paragraph (5), and (ii)”*, and

10 *(2) by adding at the end of the subsection the*
11 *following:*

12 *“(5) Notwithstanding any other provision of law, the*
13 *Managing trustee is directed to pay from each of the Trust*
14 *Funds to the Department of the Treasury, for allocation to*
15 *the Fiscal Service of such Department, the amounts estimat-*
16 *ed by the Managing Trustee which will be expended by such*
17 *Service during the three-month period referred to in para-*
18 *graph (1)(l)(i) in connection with the nonpersonnel costs of*
19 *administration of title II relating to such Trust Funds. Pay-*
20 *ments made pursuant to this paragraph shall be finally ac-*
21 *counted for in coordination with the final accounting provid-*
22 *ed for in paragraph (1)(A) and shall be subject to annual*
23 *audit. Proper adjustments shall be made in payments subse-*
24 *quently made pursuant to this paragraph to the extent prior*
25 *payments were greater than or less than actual expenditures*
26 *by such Services.”*

1 **SEC. 623. EXEMPT PROGRAMS AND ACTIVITIES.**

2 (a) *IN GENERAL.*—Section 255(g)(1) of the *Balanced*
 3 *Budget and Emergency Deficit Control Act of 1985* (2
 4 *U.S.C. 905(g)(1)*) is amended by inserting after the item
 5 relating to Compensation of the President the following new
 6 item:

7 “Dual benefits payments account (60–0111–
 8 0–1–601);”.

9 (b) *APPLICATION.*—The amendment made by subsec-
 10 tion (a) shall apply to fiscal years beginning after September
 11 30, 1986.

12 **SEC. 624. OFFSETTING RECEIPTS UNDER BALANCED BUDGET**
 13 **AND EMERGENCY DEFICIT CONTROL ACT OF**
 14 **1985.**

15 (a) Congress finds:

16 (1) that United States competitiveness depends on
 17 the productivity and creativity that is promoted and
 18 protected by the proper administration of patent, copy-
 19 right, and trademark laws;

20 (2) that the user fees paid by those applying for
 21 patents and registering claims for copyrights and trade-
 22 marks are an important source of revenue for the
 23 proper administration of intellectual property laws;

24 (3) that under the current interpretation of the
 25 Gramm-Rudman-Hollings statute user fees are includ-
 26 ed in the baseline for purposes of sequestration;

1 (4) that this interpretation, by reducing taxpayer
2 support as patent, copyright and trademark user fees
3 increase, may discourage use of the intellectual proper-
4 ty law system, and have adverse effects on creativity
5 and innovation.

6 (b) The General Accounting Office is directed to con-
7 duct a study of the budgetary treatment of user fees in the
8 Patent and Trademark Office and Copyright Office, and
9 report to Congress within six months of the date of enactment
10 to show how such budgetary treatment and user fee policy
11 may affect the proper administration of patent, copyright and
12 trademark laws.

13 (c) The General Accounting Office is further directed to
14 include in such study an examination of offsetting collections
15 credited to appropriation accounts, offsetting receipts, and
16 governmental receipts dedicated to trust funds under the Bal-
17 anced Budget and Emergency Deficit Control Act of 1985.
18 The study shall identify the amount of spending that is sup-

1 *ported by such collections and receipts and discuss the treat-*
 2 *ment of such spending under a sequester order.*

Passed the House of Representatives June 26, 1986.

Attest: BENJAMIN J. GUTHRIE,
Clerk.

Passed the Senate with an amendment August 9 (legis-
 lative day, August 4), 1986.

Attest: JO-ANNE L. COE,
Secretary.

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